



MALAWI GOVERNMENT

**2010/11 BUDGET PERFORMANCE
QUARTERLY REPORT (Q1)**

Ministry of Finance,

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Foreword

In line with clause 84 section 3 and 4 and clause 85 of the Public Financial and Management Act (PFMA), the Ministry of Finance is required to periodically update Government and other stakeholders on the performance of the implementation of the National Budget in a fiscal year. Thus far, the Ministry of Finance has been able to comply with this requirement mainly through the Mid Year Budget Review Report and the year end Financial Statement. Apart from these two standardized and mandatory reporting mechanisms, the Ministry also produces ad-hoc Budget Performance reports which focus on specific areas of reporting such as Revenues Collection Performance Reports, Aid Flows Monitoring Reports and Monitoring and Evaluation Reports.

In a bid to further enhance the reporting of budget implementation performance and ensure that all Stakeholders in the budget including Government Ministries and Departments, Cooperating Partners and other Stakeholders; are provided with timely information on the performance of the implementation of the budget, the Ministry of Finance has started producing the Quarterly Budget Performance Report. This report will be comprehensive in nature and will cover all aspects of the Budget including the Analysis of Revenue Generation Performance; In-depth Review of the Status of the Grants and Loans and a Critical Analysis of the Expenditures of Government. The main objective of these reports will be to inform policy makers in Government Ministries and Departments, implementers of the National Budget and other stakeholders on the status of the implementation of the National Budget and the associated risks and challenges so that where corrective measures may be needed to be undertaken, they can be done much earlier than later.

This report is the first of this kind and is structured along the format of the Mid Year Budget Review Document and the End of Year Financial Report. The report has, however, included a matrix of part II Development projects in order to present how each development project is performing. The Ministry hopes that the information contained in this report will be valuable to various readers and any further suggestions for its improvement are welcome and can be passed on straight to the office of the Secretary to the Treasury.

Joseph Mwanamvekha
SECRETARY TO THE TREASURY

Acknowledgements

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Special appreciation should also go to the Project Staff of the various Project Implementation Units (PIUs) that were instrumental in providing Project data and progress reportson these projects within the timeframe requested. Their contribution has been vital in drafting the sections of the report that discussed progress of the Development Projects.

Sincere thanks and appreciation also goes to the various Departments of the Ministry of Finance including the Debt and Aid Division, the Revenue Policy Division, the Economic Affairs Division and the Accountant General's Department. The time and professionalism of Officials from these Divisions has made the report what it is and we, therefore, thank them most profoundly for their contribution. Special thanks also goes to the Public Financial and Economic Management Unit (PFEM) within the Ministry of Finance who shouldered the printing costs of this report.

Finally, the Ministry is grateful to the Officers from the Budget Division for a job well done. Their dedication and commitment in compiling and consolidating this report is very much appreciated.

D Kabambe (PhD)
BUDGET DIRECTOR

Abbreviations and Acronyms

AAA	Accra Agenda for Action
AfDB	African Development Bank
AMP	Aid Management Platform
AMS	Aid Management Strategy
BADEA	Arab Bank for Economic Development in Africa
CS-DRMS	Commonwealth Secretariat Debt Recording Management System
DAD	Debt and Aid Management Division
DAS	Development Assistance Strategy
DfID	Department for International Development
DPs	Development Partners
DTA	Double Tax Agreement
EIB	European Investment Bank
EU	European Union
FAO	Food and Agriculture Organisation
FICA	Flemish International Cooperation Agency
GAVI	The Global Alliance for Vaccines and Immunisation
GDC	German Development Cooperation
GoM	Government of Malawi
ICEIDA	Icelandic International Development Agency
IDA	International Development Association
IFAD	International Fund for Agricultural Development
IMF	International Monetary Fund
MDAs	Ministries, Departments and Assemblies
MoF	Ministry of Finance
NDF	Nordic Development Fund

OBB	Output Based Budget
OPEC	Organisation of the Petroleum Exporting Countries
PE	Personal Emoluments
PFM	National Public Financial Management
PIL	Petroleum Importers Limited
RBM	Reserve Bank of Malawi
UNAIDS	United Nations AIDS Intervention Programme
UNDP	United Nations Development Programme
UNESCO	United Nations Educational, Scientific and Cultural Organisation
UNFPA	United Nations Population Fund
UNHCR	United Nations High Commissioner for Refugees
UNICEF	United Nations Children's Fund
UNIDO	United Nations Industrial Development Organisation
USAID	United States Agency for International Development
WB	The World Bank
WFP	World Food Programme
WHO	World Health Organisation

Executive Summary

Background of the Report

In June this year, Parliament passed a National Budget for the 2010/11 fiscal year amounting to K297 billion of which K217 billion are Recurrent Expenditures and K 78 billion are Development Budget Expenditures. The Budget is to be financed by Domestic Receipts to the tune of K202 billion and Foreign Grants and Loans amounting to K95 billion. These expenditures and receipts are broken down to quarterly targets and this report, examines the performance of Government in mobilizing these receipts in the first quarter of the 2010/11 financial year and in managing expenditures in the same period. The report further highlights areas that are potential risks to the implementation of the 2010/11 Budget and the achievements of the fiscal targets for the year.

Fiscal Targets for the 2010/11 Financial Year

In line with the Government policy since the 2004/05 Fiscal year, the 2010/11 budget was formulated on an objective of continued fiscal discipline and prudence. Sound fiscal policy is deemed as crucial for maintaining macro-economic stability and enabling the economy to grow. Therefore, in the 2010/11 budget framework, Government targeted a modest fiscal deficit of 1.2 per cent of GDP and domestic debt repayment of 1.5% of GDP, equivalent to K12.2 billion. The performance in the first quarter would suggest that Government is on course to achieve this target.

Revenue Performance

In the 2010/11 financial year, Government projected to collect revenues to the tune of K202 billion. Of this, K171 billion (or 85%) are Tax Revenues such as Pay As You Earn (PAYE), Company Taxes, Value Added Tax, International Taxes and others. The balance of K31

billion (15%) are Non-Tax Revenues (NTR) such as Departmental Receipts and Dividends. In the First quarter of the financial year, Government estimated that it will collect revenues to the tune of K49.9 billion of which K42.3 billion were expected to be Tax Revenues and K7.6 billion Non Tax revenues.

The outturn for the quarter indicates that total revenues amounted to K47.2 billion meaning that they marginally missed the target by K2.8 billion. Taxes underperformed by K2 billion as they amounted to K40 billion against the target of K42 billion while non tax revenues totaled K6.9 billion meaning that they missed the target by K700 million. A critical analysis of the underperformances of revenues indicates that they underperformed mainly due to underperformances in Company Taxes and International Trade Taxes. Some of the factors that explain the underperformances include changes in tax measures which may not have fully been implemented; untimely remittances of taxes by various Corporations and MRA's restructuring process which may have affected the revenue collection performance of the Authority. It is expected that once MRA's reforms begins to yield results, Domestic Taxes should bounce back and meet the targets in subsequent quarters.

Performance of Grants

In the 2010/11 financial year, Government projected grants from Cooperating Partners to the tune of K85 billion. Of this, K19.8 billion are program or budget support, K33.6 billion are dedicated grants and K31.8 billion are project resources. In the first quarter of the financial year, Government projected that it will receive K14.3 billion in total grants of which 8.4 billion are dedicated grants and K7.9 billion are project grants.

The outturn for the quarter indicate that grants over performed by K7.1 billion as they reached K21.4 billion from a target of K14.3 billion. A critical analysis of these inflows indicate that the over-performance of the grants was mainly due to the unexpected performances in project grants which jumped from a projection of K8 billion to K12.5 billion and Dedicated Grants which outperformed by K2.4 billion. Budget support on the other hand performed poorly at K22.6 million only. While the over-performance in dedicated grants is commendable, the under performance in budget support of concern as it can pause a potential risk to the implementation of the 2010/11 budget. It is therefore hoped that in the

subsequent quarters, budget support will pick-up and support the implementation of the budget.

Performances of Expenditures

In the 2010/11 financial year, Government planned to spend K297 billion of which K217 billion are Recurrent Expenditures comprising K57.5 billion wages and salaries and K159 billion Other Recurrent Expenditures (ORT); and K78 billion as Development Budget Expenditures of which K29 billion are Part II Expenditures and K49 billion are Part I Expenditures. In the first quarter of the financial year, total expenditures were projected to amount to K89 billion, Wages and Salaries K13.5 billion, ORT K53.5 billion, Part II projects K9.1 billion and donor financed projects K13 billion.

The outturn for the quarter indicates that total expenditures were down by K4.1 billion. Out of a projected expenditure target of K89.2 billion, Government spent K85.1 billion. The under expenditures were mainly on account of reduced expenditures on the Recurrent Budget which under-spent by K2.9 billion and the Development Budget Expenditures which under-spent by K1.2 billion. A further analysis of the itemized budget indicate that overall, internal travel expenditures were generally down reflecting a positive outcome on the restriction of travels where Conferences, Seminars, Workshops and Trainings are now taking place where majority of the people are residing.

Performance on Development Projects has been mixed both across different sectors and also across projects. There is considerable progress on a large number of projects in the Transport, Education, Irrigation and Tourism sectors; progress is slow however in the Sports sector, Economic Governance and certain projects in Health. It is hoped that these monitoring visits and reports will help to identify obstacles and bottlenecks and add impetus to project implementation.

Overall Fiscal Performance in the Quarter

The key fiscal target for the 2010/11 financial Year is the 1.5% domestic debt repayment meaning that Government will reduce its domestic debt stock from K110.2 billion as at 1st July 2010 to K98 billion as at the end of the Financial year on 30th June 2011. In the first quarter of the Financial Year alone, Government had projected a fiscal deficit of K27.7 billion mainly on account of a number of reasons including; front loading of expenditures of the subsidy programme, front loading of expenditures on development projects that become interrupted by rainfalls in subsequent quarters and the projected under performances in Budget Support in the first quarter.

The outturn indicate that as a result of overall good performances in revenues and grants of K4.1 billion and significant under performances in expenditures to the tune of K4.1 billion, the fiscal deficit outturn was only K19.5 billion compared to the target of K27.7 billion. To finance this deficit, Government borrowed K20.3 billion from the domestic market and repaid K0.5 billion of its foreign debt. This domestic borrowing was under the projection of K23.6 billion by a margin of K3.3 billion.

The performance in the first quarter is promising, but significant levels of debt totaling K32.5 billion will need to be repaid in the remainder of the financial year. This will require renewed efforts to improve tax administration, timely disbursement of aid by development partners in line with the commitments that have been made and continued discipline with respect to keeping expenditures within the budget and where necessary identifying potential savings.

INTRODUCTION

1.1 Background to the Report

On 22nd June 2010, Parliament passed a national budget for the 2010/11 financial year amounting to K297 billion. The Budget is to be financed by domestic resources amounting to K202 billion and grants and loans totalling K95 billion.

In liaison with other stakeholders, including Government Ministries and Departments, Donors and other Cooperating Partners, the International Monetary Fund (IMF) and other Agencies, the Ministry of Finance developed quarterly projections for both expenditures and receipts. This report examines the performance of Government in managing expenditures and revenues in the first quarter of the financial year, from July to September 2010.

1.2 Key Objectives of the Report

The main objective of this report is to present the performance of Government in implementing the national budget in the first quarter of the 2010/11 financial year. The specific objectives of the report include:

- (i) To present the status of domestic revenue generation initiatives;
- (ii) To report on performance of grants and loans from Cooperating Partners;
- (iii) To present the details of expenditures of Government in the first quarter; and
- (iv) To report on the implication of receipts and expenditures on general fiscal performance and macroeconomic projects.

1.2 Methodology

The review of assessment of expenditures and receipts for the first quarter of the financial year was done in October 2010, soon after the end of the first quarter. The assessment was conducted by a team of officials from the various Departments of the Ministry of Finance including the Debt and Aid Division, the Economic Affairs Division, the Revenue Division, the Accountant General, and the Budget Division. The team conducted the assessment for a period of three weeks and it involved the analysis of data from the Integrated Financial Management Information System (IFMIS), Returns from various Spending Agencies, consultations with various stakeholders and spot checks on some of the projects throughout the country. The study was led and coordinated by the Budget Division.

1.3 Layout of the Report

The report is presented in five key chapters. The first chapter introduces the report plus objectives and methodology employed in the assessment. The second chapter discusses broadly the framework of the 2010/11 Budget, while the third and fourth chapters discuss receipts, beginning with domestic revenues and ending with grants and loans. The fifth chapter discusses details of expenditures of the first quarter of the 2010/11 Budget.

Budget Framework for the 2010/11 Financial Year

2.0 Introduction

The 2010/11 budget was formulated against a backdrop of continued strong economic growth and macro-economic stability. Growth reached 7.6% in 2009 and is now projected to be 7.1% in 2010. Inflation has remained at historically low levels averaging around 8% and the continued price stability has enabled government to lower down further the Reserve Bank of Malawi's lending rate to 13%.

Central to the strong economic performance has been the prudent fiscal policy that has been in place since 2005. The 2010/11 budget therefore continues on this path with a modest fiscal deficit of 1.2% of GDP and a targeted repayment of domestic debt of 1.5% of GDP. 10% of domestic revenues raised are currently allocated to interest payments. Reducing the stock of domestic debt is crucial for freeing up resources towards priority expenditure areas.

2.1 Revenues and Grants

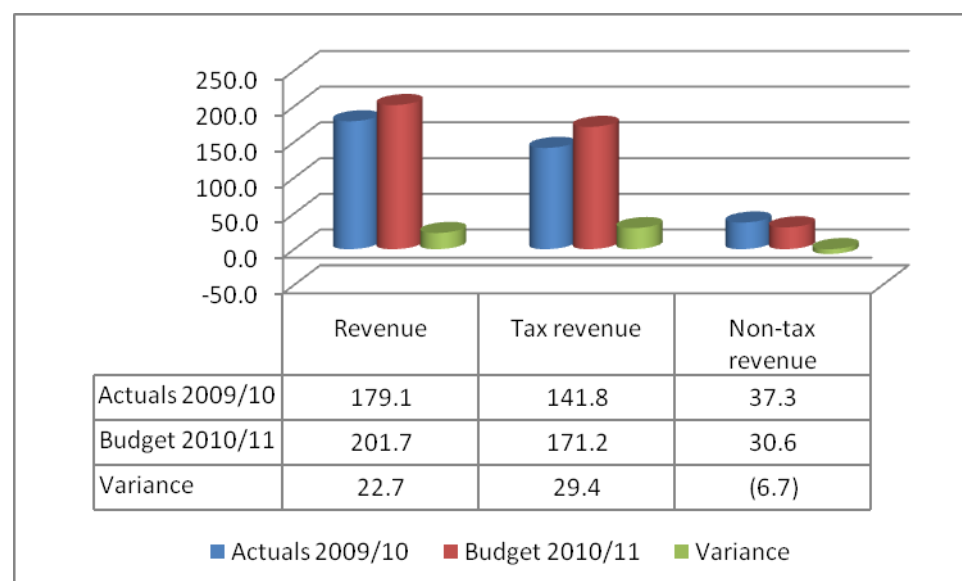
Total budgeted revenues and grants in 2010/11 are K287 billion with 70% of the total resources, K201 billion, coming from domestic sources and the remaining K85 billion anticipated to come from development partners.

2.1.1 Domestic Revenues

Tax revenues are anticipated to reach K171 billion, an increase of 21% from the actual tax revenues of 2009/10 financial year. This increase is on account of continued economic

growth, inflation and also tax policy measures that were introduced in the 2010/11 budget. A modest decline is however projected for the Non-Tax Revenues in 2010/11, largely due to a number of one-off measures in the 2009/10 fiscal year which will not be repeated in 2010/11. A total of K30.5 billion of Non-Tax Revenues is expected to be realized in 2010/11 financial year compared to an outturn of K37.3 billion in 2009/10 fiscal year.

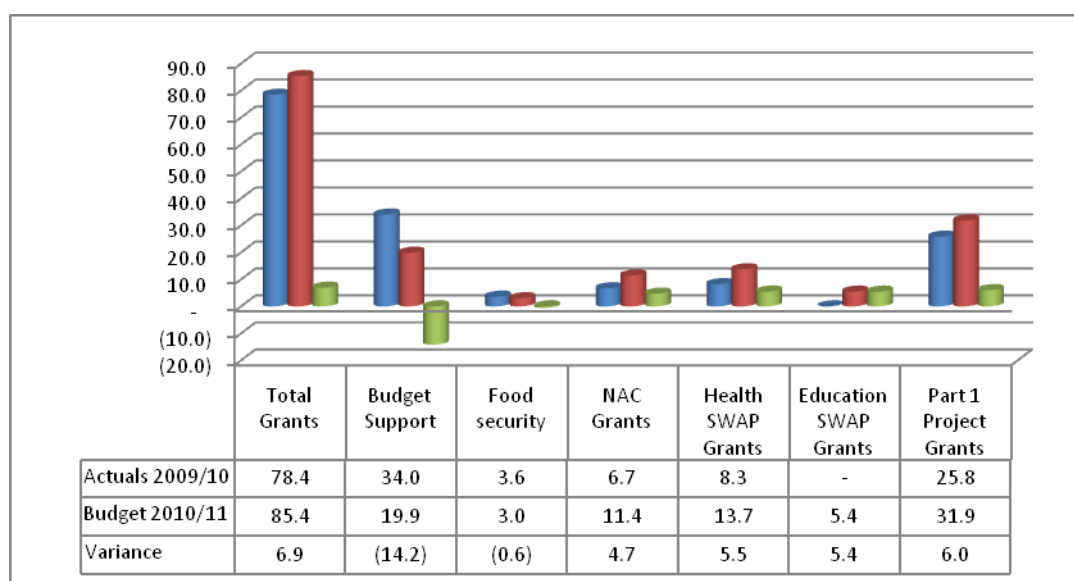
Table 2.1: Revenue Performance 2009/10 and Budget 2010/11



2.1.2 Grants

In the 2010/11 financial year, grants from Cooperating Partners are projected to be K85 billion, which is 30% of the total resource envelope is expected from development partners for the fiscal year. Compared to the 2009/10 fiscal year, grants have increased by 9%, largely on account of increased sectoral support. Of the sum total, K19.9 billion is being received in the form of Budget Support, the Government's preferred modality for receipt of aid monies. A further K33.6 billion is budgeted for sectoral support and the remaining K31.9 billion is expected to come as project grants.

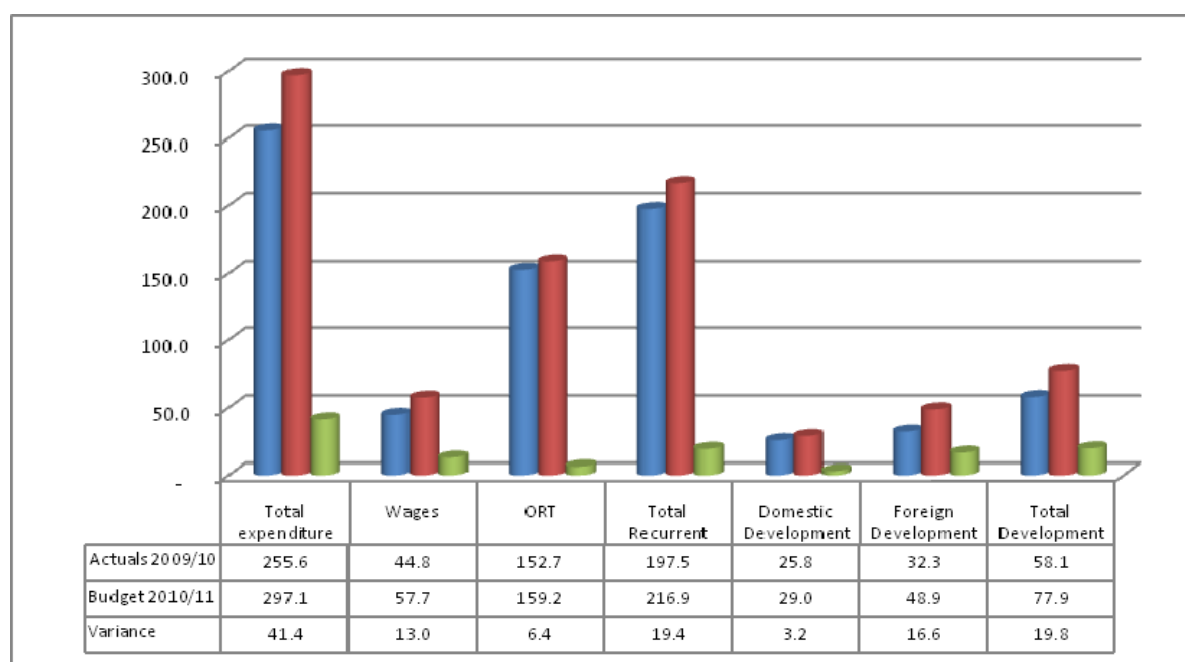
Table 2.2: Grants Performance 2009/10 and Budget 2010/11



2.2 Expenditures

Total expenditures and net lending budgeted for the 2010/11 financial year are to the tune of K297 billion with K217 billion dedicated to Recurrent Expenditures and the balance of K78 billion to Development Expenditures. The usage of resources continues to be prioritized according to the Malawi Growth and Development Strategy, which runs from 2006 to 2011.

Table 2.3: Expenditure Performance 2009/10 and Budget 2010/11

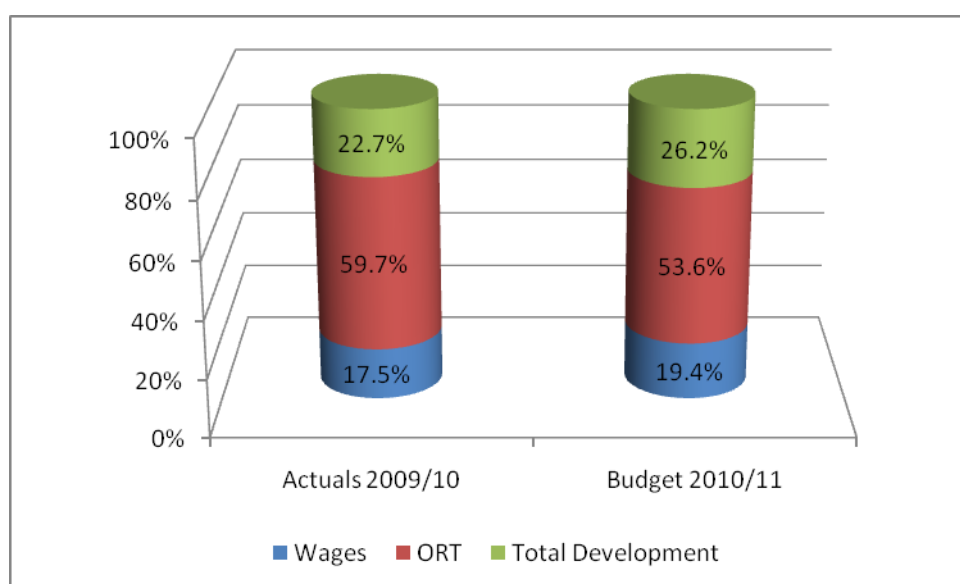


Wages and salaries constitute K57.7 billion, a substantial increase from the previous year, as a result of a 15% salary increase, K2.5 billion dedicated to rural teachers' hardship allowance and a further K2.5 billion allocated for recruitment of public sector workers in essential service delivery sectors such as agriculture, health, education, forestry and security services.

Efforts have also been made in the 2010/11 budget to restrain the growth in expenditure on Other Recurrent Transactions (ORT) in 2010/11 through controls placed on certain non-priority expenditure items such as travel related expenses.

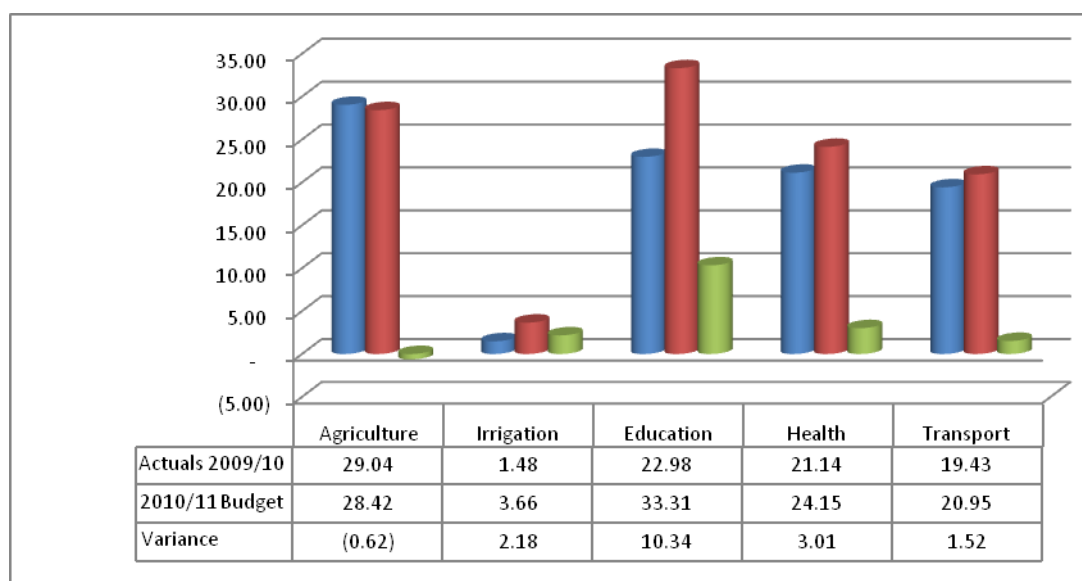
In order to accelerate development, greater priority has been placed on development expenditure as shown in the shifting composition of the overall budget.

Table 2.4: Composition of Expenditure 2009/10 and Budget 2010/11



The sector that has seen the most significant increase in absolute terms in the 2010/11 budget is Education, where the allocation has increased by over K10 billion. Government is working with its development partners to improve the quality of education, particularly in rural areas. Irrigation has also seen a substantial increase, as a result of the resources allocated for the Greenbelt Initiative.

Table 2.5: Expenditure in Key Sectors 2009/10 and Budget 2010/11



2.3 Conclusion

The 2010/11 budget framework provides a robust basis for maintaining fiscal discipline. Expenditures continue to be prioritized towards the achievement of the priorities set out in the MGDS. The forthcoming chapters will assess whether government is on track in implementing the budget as planned.

Performance of Revenues

3.0 Introduction

In 2010/11 financial year, Government projected to collect revenues to the tune of K202 billion. Out of this sum, K171 billion (or 85%) are tax revenues such as Pay As You Earn (PAYE), Company Taxes, Value Added Tax (VAT), International Taxes and others. The balance of K31 billion (15%) are non-tax revenues (NTR) such as departmental receipts and dividends.

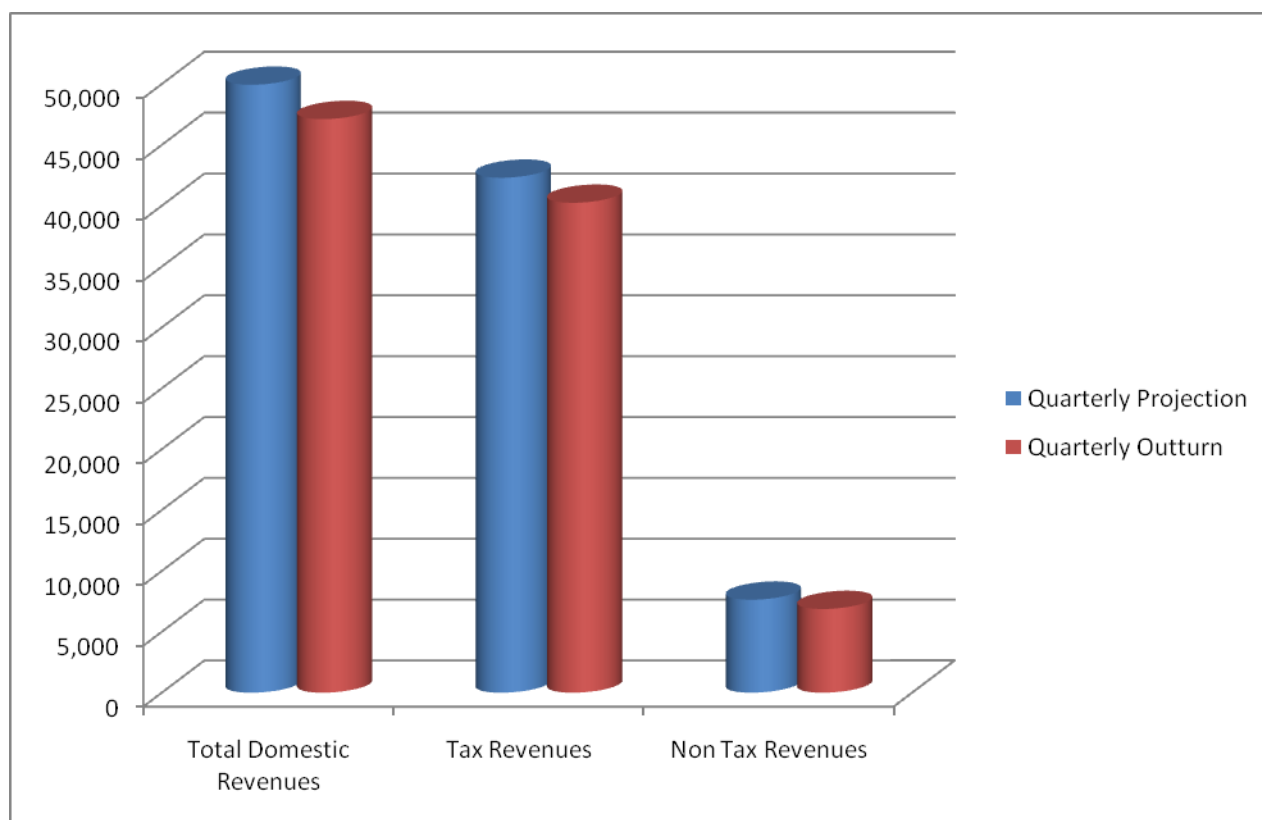
In the first quarter of the 2010/11 FY, Government estimated that it will collect revenues to the tune of K49.9 billion of which K42.3 billion (85%) were expected to be tax revenues and K7.6 billion (15%) were to come from non-tax revenues. This chapter presents and discusses the performance of Government in generating revenues in the first quarter of the financial year. The chapter, therefore, compares the revenue outturn for the quarter against the targets and discusses some of the underlying factors that explain the pattern of behaviour of the revenues. The chapter further discusses any risks the first quarter revenue outturn is likely to have on the overall revenue performance for the fiscal year and the budget in general.

3.1 Overall Performance in Revenue Collection in the First Quarter

Figure 3.1 below compares the outturn in domestic revenues in the first quarter of 2010/11 FY against their corresponding projections for the quarter. As the table suggests, overall domestic revenues marginally underperformed by K2.8 billion compared to the set targets. Out of a quarterly revenue projection of K49.9 billion, total gross domestic revenues amounted to K47.2 billion representing a revenue performance of 94% against the target. As can be noted from Figure 3.1, the underperformance was largely on account of shortfalls in tax revenues. Taxes underperformed by about K2 billion as they amounted to K40 billion

against a target of the quarter of K42 billion. Non tax revenues registered a total collection of about MK6.9 billion of which departmental receipts amounted to MK2.287 billion against a projection of MK 2.315 billion. Fuel levies amounted to MK4.589 billion against a budget of K4.872 billion thereby missing the target by K283 million.

Figure 3.1 Total Domestic Revenues Performance



3.2 Tax Revenue Performance in the First Quarter of 2010/11 FY

Table 3.1 below compares the tax revenue outturn for the first quarter of the fiscal year against their corresponding projections. As can be depicted from the table, major underperformances in tax revenues were in Value Added Taxes (VAT) which were down by K1.5 billion on their quarterly target of K14.3 billion; Company Taxes also underperformed by K1.1 billion compared to their projection of K4.7 billion; Excise Duty revenues which were projected to be in the tune of K6.8 billion were down by K737 million and Import

Duties which were down by K566 million. Other taxes were also on aggregate down by about K189 million mainly due to underperformance in Non – Resident taxes and fringe benefits.

Table 3.1 clearly points to the fact that underperformances in domestic revenues in the first quarter of 2010/11 FY were mainly due to the shortfalls in Company taxes and international trade taxes. Some of the factors that explain the underperformances in company taxes and international trade receipts include; changes in tax measures which may not have fully been implemented, untimely remittances of taxes by various corporations and MRA’s restructuring process which may have affected the revenue collection performance of the Authority. It is expected that once the reforms in MRA start to bear fruits, domestic taxes should bounce back and meet the targets in the subsequent quarters. Despite the underperformance in these taxes, Withholding taxes performed exceedingly well by over K1.6 billion from a target of K2.7 billion.

Table 3.1: Tax Revenue Performance

Type of tax	Q1 Target	Q1 Actual Collection	Variance
PAYE	8,136	8,324	188
Company Tax	4,711	3,654	-1,056
Company Assessment	1,493	1,599	106
Provisional Tax	3,217	2,055	-1,162
Withholding Tax	2,655	4,260	1,604
Import Duty	4,666	4,100	-566
VAT	14,263	12,808	-1,454
Import VAT	7,313	6,230	-1,083
Domestic VAT	6,950	6,579	-371
Miscellaneous Duties	48	49	1
Exercise Duty	6,803	6,066	-737
Import Excise	4,877	4,128	-749
Local Excise	1,927	1,938	11
Other Taxes	1,023	834	-189
Fringe Benefit	649	370	-279
Non-Resident Tax	264	110	-154
Penalties	19	135	116
Dividend Tax	90	218	127
Turnover Tax	-	1	1

Type of tax	Q1 Target	Q1 Actual Collection	Variance
Prepayments	-	154	154
Total Collection	42,304	40,248	-2,056
Tax Refunds		1,718	

Detailed discussion for each of the individual taxes is presented in the Table 3.2 below:

Table 3.2: Individual Taxes Performance in the First Quarter

Tax	Performance
Pay As You Earn (PAYE)	The PAYE tax performed well by exceeding the target by MK 188 million. The performance is attributed to the improved levels of enforcement.
Company Tax	Comprise two components: Company Assessment tax and Provisional tax. Company assessment tax performed satisfactorily well, but the provisional tax under performed by a variance of MK 1.2 billion. The main reasons for this performance include the fact that most of the Companies paid more in advance their taxes in the other quarters and the changes in withholding tax which has resulted in corporations accumulating withholding tax rather than provisional taxes.
Withholding Tax	Withholding tax performed well in the first quarter, with a positive variance of MK 1.6 billion, representing 60 percent in excess of the target of K2.655 billion. This is attributed to the new withholding tax policy measure introduced in the 2010/2011 budget which among others abolished the issuance of withholding tax exemption certificates for suppliers of goods and income from tobacco farmers' clubs.
Value Added Tax (VAT)	The domestic VAT underperformed by about MK371 million largely due to disruptions in fuel inflows in the quarter. It is expected that once the fuel problem is resolved, the revenues should bounce back.
<i>Other Taxes</i>	
Fringe Benefits	Fringe benefits underperformed by about K279 million mainly because of the shift in companies' wage policies to clean wages or salaries. This is reflected in the increase in the PAYE.
Non – Resident Tax	The tax underperformed by MK154 million representing 58 percent under collection. Some of the reasons for the poor performance in this tax arise due to un-negotiated Double Taxation Agreement (DTAs) with our trading partners.
Penalties	Penalties collection in the quarter is MK134.60 million against a target of MK18.68 million. The increase in penalty revenue is due to the increased intensity in enforcements and auditing functions in first quarter.
Dividend Tax	Dividend tax performed satisfactorily well with a positive variance of K127 million. The good performance is an indication of better business activity for companies since dividends given to shareholders depend on profits. Dividend tax is expected to continue with its good performance because the end of the financial year of many companies is in December.
Turnover Tax	Turnover tax amounted to MK 587.29 thousand for the quarter under review. The performance is quite below expectation mainly because of very low compliance by micro enterprises or small businesses which are difficult to police or monitor due to the high cost of enforcements. There are also minor challenges regarding the tax programming system at MRA and administration issues which are being looked into. The tax is expected to improve with time as it is a newly introduced tax.

Tax	Performance
International taxes	The out turn for the quarter indicates that international trade taxes underperformed by about K2.4 million. The unsatisfactory performance of international taxes have been attributed to, among others; changes to the tax laws introduced in the current budget like motor vehicle tax measures, regional integration commitments and Industrial rebate review policy, undervaluation of imports and smuggling, tax exemption agreements and duty free status of development projects by various development partners and the government and logistical issues experienced in our importing routes.

3.3 Non – Tax Revenue Performance in the First Quarter of 2010/11 Fiscal Year

Table 3.2 below presents the outturn in non – tax revenues in the first quarter of the 2010/11 financial year against their set targets. As can be depicted, actual non – tax revenues were down by K762 million, from a target of K7.6 billion, representing an underperformance of about 11%.

Table 3.2 demonstrates that the major explanations to the underperformance in non – tax revenues was due to shortfalls in parastatal dividends amounting to K450 million as well as underperformance in fuel levy receipts amounting to about K283 million.

It is expected that once there are no disruptions in fuel inflows and that parastatals remit their dividends to Government, the performance of non – tax revenues should improve in the subsequent quarters.

Table 3.2: Non – Tax Revenue Performance in the First Quarter

MDA	Q1 Target	Q1 Total Actual Collection	Variance(Q1)
Immigration	662.2	502.6	-159.5
Civil Aviation	200.0	167.7	-32.3
Road Traffic	500.0	430.5	-69.5
Marine	2.0	0.4	-1.6
Met. Services	0.1	0.2	0.1
Police	62.5	574.6	512.1
Geo Survey	0.3	0.3	0.0
Trade and Industry	18.8	36.0	17.3
Forestry	96.3	17.7	-78.6
Agriculture	16.3	46.7	30.4
Youth, Sports	5.0	0.8	-4.2

MDA	Q1 Target	Q1 Total Actual Collection	Variance(Q1)
Labor & Social Services	3.7	2.1	-1.6
Judiciary	49.0	0.0	-49.0
Fisheries Department	0.8	2.0	1.2
Mines	82.5	91.7	9.2
NSO	0.0	0.1	0.1
Education	322.7	3.7	-319.0
Finance	15.0	4.5	-10.5
Accountant General	25.0	20.7	-4.3
Registrar General	119.1	160.5	41.4
Audit	0.0	46.9	46.9
Government Stores	0.0	0.9	0.9
ODPP	1.0	0.5	-0.5
Lands & Phy. Planning	75.0	148.7	73.7
Health & Population	19.5	13.5	-6.1
Information	1.3	1.7	0.4
Tourism & Parks	16.3	2.4	-14.0
Water & Irrigation	3.5	5.2	1.7
Women & Children	17.5	3.2	-14.3
Justice	0.00	0.02	0.02
National Assembly	0.0	0.4	0.4
Prisons	0.4	0.8	0.4
Administrator General	0.19	0.03	-0.16
TOTAL DEPARTMENTAL	2,315.8	2,287.1	-28.6
PIL Receipts to NRA	2,395.3	2,070.9	-324.4
PIL Receipts for Safety Nets	1,406.3	1,625.7	219.4
Rural Electrification Levy	1,070.8	892.4	-178.5
TOTAL FUEL LEVIES	4,872.4	4,588.9	-283.4
Parastatal Dividends	450	0	-450
TOTAL NON TAX	7,638.1	6,876.1	-762.0

Although the outturn on Departmental receipts appears to be on target, a closer look at table 3.2 reveals that it is mainly being masked by the excellent performance of one department, namely, the Malawi Police Service. Most of the other departments performed poorly. Immigration Department was down on their target by about K160 million, Ministry of Education by K319 million, Judiciary by K49 million, Road Traffic by K64 million, Civil Aviation by about K32 million and Forestry by K79 million. Departments that performed satisfactorily well included; Ministry of Lands and Physical Planning who exceeded their

target by K74 million, Central Internal Audit by K47 million, Registrar General by K41 million and Ministry of Agriculture by K30 million. Factors that explain underperformance in some key Departments include; delayed implementation of the revenue enhancing measures as announced in the budget statement such as user fee adjustment for the Road Traffic Directorate, Malawi Police Service and the Forestry Department, poor accounting systems in some Government Departments and direct use of revenues before banking by some Government Departments.

In the second quarter, non tax revenues are expected to pick up significantly since the legal processes for effecting the revised fees in Road Traffic, Forestry Department and the Malawi Police Service are expected to be finalised. The Ministry will intensify the monitoring of revenues to eliminate direct use of revenues at source by some Departments and ensuring that collecting departments are paying great attention to their revenue collection functions.

3.4 Conclusion

The report has revealed that generally revenue collection in the first quarter has been below set targets. This has been due to a number of factors which include the delay in introducing new tax measures which are yet to be fully implemented, and the restructuring process at the Malawi Revenue Authority which may have affected the Authority's revenue collection capabilities.

Government is optimistic on the outlook for the subsequent quarters as most of the shocks explained to have had a negative impact on revenues in the first quarter are being addressed. Some of the measures include enhanced monitoring of the revenue collecting institutions; performance based funding, strengthened enforcement measures through patrols and stiff penalties to non compliant tax payers. Additionally, revenues are expected to pick up in the short term as revenue measures in the 2010/11 budget get fully implemented.

Performance in Inflows of Grants and Loans in the First Quarter of the FY

4.1 Introduction

In the 2010/2011 Financial Year, Government projected to receive grants from Cooperating Partners to the tune of MK85 billion representing 30 percent of the total receipts for the fiscal year. Of this sum, MK19.8 billion are Program or Budget Support resources, MK33.6 billion are Dedicated Grants and MK31.8 billion are Project resources.

In the first quarter of the 2010/11 financial year, Government projected to receive MK14.3 billion in total grants, of which MK6.4 billion are Dedicated Grants and MK7.9 billion are Project Grants. This Chapter examines performance of inflows of grants to Government in the first quarter of the 2010/11 financial year and discusses factors that explain performances in these Grants.

4.2 Performance in Overall Inflows of Grants in the FY

Table 4.1 presents the performance in overall inflows of Grants in the first quarter of the financial year. As can be depicted, overall grants were up by MK 7.1 billion in the quarter. Out of the total prospective inflows of MK 14.3 billion, grants amounted to MK 21.4 billion in the quarter.

Table 4.1: Details of Performance of Grants for the First Quarter of the 2010/11 FY (July – September)

(Billion Kwacha)

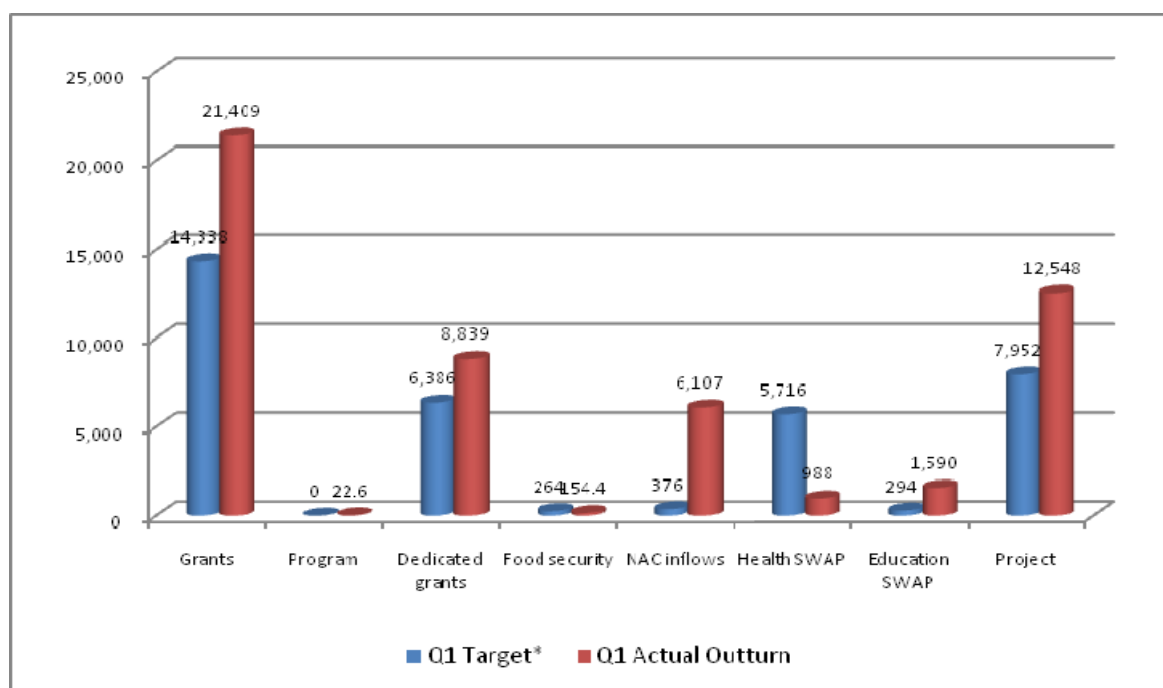
Budget line	Approved Provision 2010/11	Q1 Target*	Q1 Actual Outturn	Variance (Target – Actuals)	Variance as % of Target
Grants	85,369	14,338	21,409	7,071	49%
Program	19,888	0	22.6	23	
Dedicated grants	33,630	6,386	8,839	2,453	38%
Food security	3,034	264	154.4	-110	-42%
NAC inflows	11,421	376	6,107	5,731	1524%
Health SWAP	13,729	5,716	988	-4,728	-83%
Education SWAP	5,446	294	1,590	1,296	441%
Project	31,851	7,952	12,548	4,596	58%

Budget Support resources were K22 million, but no major inflows were expected. Dedicated Grants, however, outperformed by MK 2.4 billion from a target of MK 6.4 billion to MK 8.8 billion. Project Grants also performed well from MK 8 billion to MK 12.5 billion. It is important that CABS group of Donors ensure their disbursements of Budget support resources take place as pledged in the subsequent quarters, otherwise this will pose a huge risk to the implementation of the 2010/11 Budget. Over-performance in Dedicated Grants is however commendable.

4.3 Performance in Dedicated grants in the 1st Quarter of the FY

Chart 4.1 below presents the performance in dedicated grants in the first quarter of the financial year. As can be deduced, overall, dedicated grants have outperformed. The over performance is largely explained by large inflows of NAC resources which amounted to MK 6.1 billion from a projection of only MK 376 million. These resources were expected to come in the country in the last quarter of the 2009/10 financial year, however, the processes delayed and the resources have now been disbursed in this quarter of the 2010/11 financial year. The explanation on the matter is due to inflows from the Global Funds which were expected to trickle-in in the last quarter of the 2009/10 financial year but have been disbursed in this quarter. Education SWAP resources also over performed from a target of MK 294 million to MK 1.6 billion.

Chart 4.1 Grant disbursements in Q1



4.4 Summary on Grants

Overall, the performance on grants in the first quarter of 2010/11 financial year was commendable. Disbursements have largely been received as anticipated, although it is regrettable that donors do not support government in the first quarter of the financial year with budget support. Delays in budget support generally push Government to borrow more from the domestic market and this results in bloating Government domestic borrowing position and its associated interests. This further poses risks to the implementation of the Budget. It is therefore imperative that Government and CABS group of donors should work together in coming quarters to ensure budget support payments are disbursed at the earliest possible opportunity.

Performance of Expenditures in the First Quarter of the 2010/11 Financial Year

5.0 Introduction

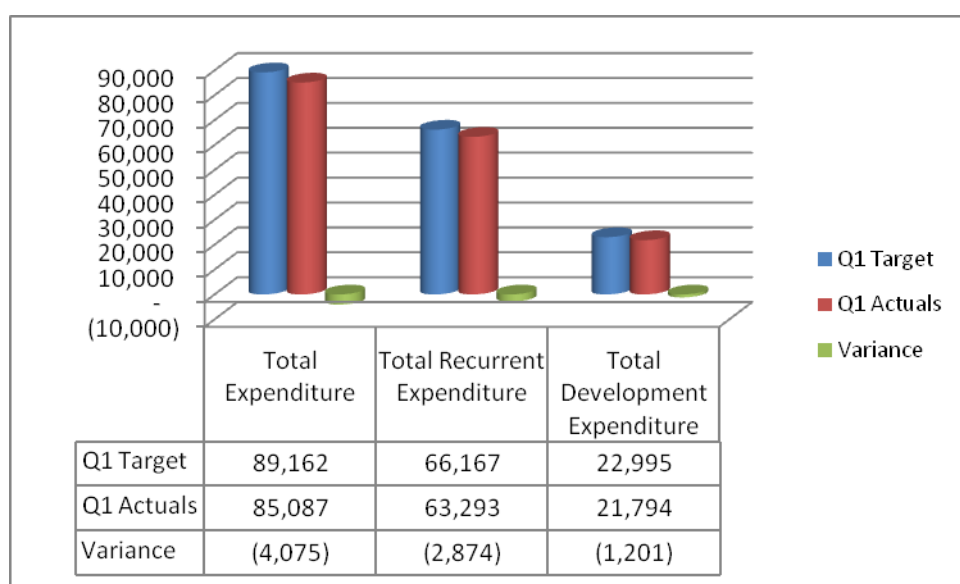
In the 2010/11 financial year, Government planned for expenditures to the tune of K297.1 billion. Of this sum, K217 billion are Recurrent Expenditures comprising K57.5 billion for Wages and Salaries and K159.2 billion for Other Recurrent Transactions (ORT). Development Budget resources were targeted at K78 billion of which K29 billion are Part II Development Budget resources and K49 billion are donor supported projects. In the first quarter of the 2010/11 financial year, total expenditures were projected to be K89.2 billion, Wages and Salaries K13.5 billion, ORT K53.5 billion, Part II projects K9.1 billion and donor financed projects K13.0 billion. These Budget Details are presented in Chart 5.1.1 below.

This chapter analyses expenditures of Government in the first quarter of the 2010/11 financial year and also explains some of the underlying behaviours in the patterns of expenditures. The Chapter further discusses risks to the Budget and any other factors that may impact on the overall implementation of the 2010/11 budget.

5.1 Performance of the Overall Expenditures in the First Quarter of the Financial Year

Chart 5.1 below presents the overall expenditures of Government against the targeted expenditures for the first quarter of the 2010/11 financial year. As is depicted in the Chart, overall expenditures for the quarter were down by about K4.1 billion. Out of the projected expenditures of K89.2 billion for the quarter, Government spent K85.1 billion representing an under expenditure of around 5%. Chart 5.1 further shows that the under expenditures were mainly due to under performance in the Recurrent Budget expenditures of K2.9 billion. There was also an under performance on Development expenditures of K1.2 billion.

Chart 5.1 Total Government Expenditure in the First Quarter of the 2010/11 FY



5.2 Performances in Recurrent Expenditures in the First Quarter of the 2010/11 Financial Year

Overall, Recurrent Expenditures in the first quarter were down by K2.9 billion. Compared to projected Recurrent Expenditures of K66.2 billion, actual expenditures came to K63.3 billion representing an underperformance of 6%. Table.5.1 presents the expenditures on the Recurrent Budget for each of the expenditure lines.

Table 5.1 Recurrent Expenditures in the First Quarter of the 2010/11 Financial Year

Budget line	Q1 Target	Q1 Actuals	Variance
Total Recurrent Expenditure	66,167	63,293	(2,874)
Wages and Salaries	14,500	13,910	(590)
Interest Payment	4,964	4,964	-
Domestic	4,920	4,920	-
Foreign	44	44	-
Purchases of Goods and Services	30,225	27,644	(2,582)
Subsidies and Transfers	15,885	16,089	204
Other Statutory Expenditures	593	687	94

5.2.1 Performance in Expenditures of Wages and Salaries

As can be noted from Table 5.1, Wages and Salaries are within the projected amount of K14.5 billion in the first quarter of the 2010/11 financial year. Wages and Salaries have risen sharply since 2009/10 as a result of the 15% salary adjustment across the board in the Civil Service and recruitment of front line staff. The expenditures have also taken into account allowances for rural teachers and leave grants for all the Civil Servants.

5.2.2 Interest on Debt Repayments

Interest payments on both Domestic and Foreign debts are within the projected amount of K4.9 billion for the first quarter, with the domestic component taking up about K4.9 billion whereas the foreign component is only K44 million.

5.2.3 Goods and Services

Overall performance on Goods and Services amounts to K27.6 billion for the first quarter compared to a projection of K30.2 billion. In order to manage government's performance over the four quarters of the financial year and lower than anticipated revenues, funding was lower than planned in this area in the first quarter.

5.2.4 Subsidies and Transfers

First quarter expenditures under subsidies and transfers total K16.1 billion, marginally over a target of K15.9 billion. Of this sum, K8.6 billion are expenditures under the Input Subsidy programme. Subventions to other Government owned parastatals have totalled K4.2 billion and K1.9 billion are expenditures for Pensions and Gratuities. Transfers to Malawi Revenue Authority amounted to K1.1 billion.

5.3 Performance by Item

In order to monitor more closely the usage of funds by government institutions, this Section will analyze expenditures on a number of key expenditure items in Quarter 1. This will assist in identifying potential areas of pressure in budget implementation. Table 5.3 summarizes expenditure compared to the budget on some selected expenditure lines.¹

Table 5.3 *Item Summary of Q1 Expenditure*

Item Summary	2010/2011 Budget	Q1 Expenditure	Budget Balance	% Spent
	K' million			
Internal travel	8,438	1,882	6,556	22.3
External travel	2,119	685	1,434	32.3
Public Utilities	3,432	790	2,642	23.0
Agricultural Inputs	2,688	1,351	1,337	50.3
Agricultural Subsidies	18,059	7,765	10,294	43.0
Interest Payments	20,127	4,964	15,163	24.7
Subsidies	18,059	10,392	7,667	57.5
Pensions and Gratuities	7,217	1,948	5,269	27.0
Acquisition of fixed assets	18,947	3,286	15,661	17.3

5.3.1 Analysis of Expenditures on Travel

Table 5.3 shows expenditures on *internal travel* have been contained at 22 per cent and therefore within the quarterly projection of 25%. This is perhaps a result of the travel restrictions in place where Conferences and Workshops are held where the majority of the participants are coming from. However, a tight grip should be put on *external travel budget* where expenditures for the quarter stand at 32.0 per cent against a quarterly expectation of 25%. This expenditure could be explained on account of the commitments of Malawi to the African Union. Once the Chairmanship is over in December this year, it is expected that expenditures on foreign travel will normalize. However, what this means is that more judicious expenditure on this budget line will be required after December in order to spend within the budget allocation.

¹ Donor Financed Projects and Local Councils are excluded as information is not captured in IFMIS

5.3.2 Analysis of the Utilities Budget

Table 5.3 also shows expenditures on utilities. As can be depicted, expenditures on utilities in the first quarter stand at 23.0 per cent against an expectation of 25 per cent. This would suggest that spending agencies have factored in appropriately the rises to utility prices that were made in the last quarter of the 2009/10 financial year.

5.3.3 Pensions and Gratuities

Noticeable expenditure is also observed in Table 5.3 on pensions and gratuities: about 27 per cent of the 2010/11 budget allocation has been used up. The expenditure is higher in the quarter and is likely to continue rising in the financial year on account of increased number of employees retired. In the Ministry of Education alone, all the retired teachers who were redeployed on month to month basis have been re-retired. The gratuity for these officers is pegged at K150 million and it was not anticipated. Apart from this, the pensions unit had to clear a backlog of pension and gratuity arrears of about K300 million from the last financial year in the first quarter of the current financial year due to delayed processing of the necessary documentation. Savings may therefore need to be found to meet this pressure.

5.3.4 Agricultural Inputs

Purchase of crop and seeds, and procurement of agri-chemicals are charged on this item. Expenditure for the quarter is on the higher side at 50 per cent accruing to pre-stocking of pesticides and other chemicals in readiness of the forth-coming growing season focused to start early November 2010. Most of them are one-off expenditures hence there is no cause for alarm. The remaining 50 per cent is earmarked for procurement of the harvest for the grain reserves in the third and fourth quarters.

5.3.5 Agricultural Subsidies

Owing to the similar explanation on *agricultural inputs*, expenditures on fertilizer and seed subsidy programme under the Ministry of Agriculture were front loaded in preparation for the forthcoming crop season. 43.0 per cent has so far been utilised. The total expenditure translates to the procurement of 160,000 metric tonnes of fertilizer which has been delivered and distribution to selling points is underway. The total cost of contracts is within the allocated 2010/11 budget reflecting the judicious budgeting that is in place for the Input Subsidy Program.

5.4 Performance of Development Budget Projects

5.4.1 Introduction

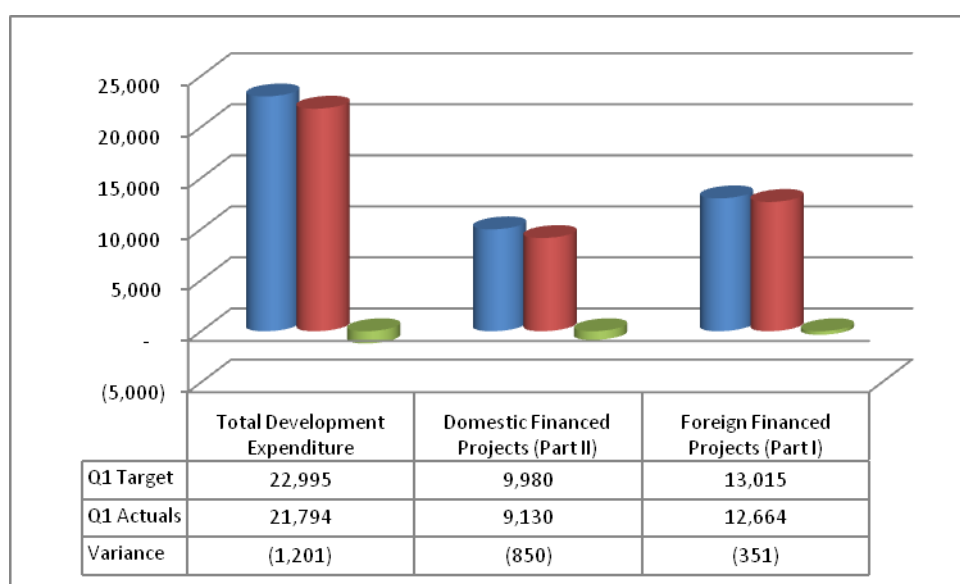
The total annual provision for the Development Budget for the 2010/11 Financial Year is to the tune of K77.9 billion. Of this sum total, K29.0 billion are Part II Development Budget resources and K48.9 billion are donor supported development projects. In the first quarter of the financial year, the projection was to implement development projects to the tune of K23.0 billion comprising K13.0 billion for donor funded projects and K10.0 billion for Government funded projects. This section presents and discusses the performance of implementation of these development projects in the first quarter of the financial year.

5.4.2 Overall Performance of the Development Budget Projects

Overall, Government underperformed on Development Budget expenditure in the first quarter of the financial year. As can be depicted from Chart 5.4.1 below, total development expenditure underperformed compared to the budget by K1.2 billion. Out of a quarterly target of K23.0 billion, about K21.8 billion worth of project output was achieved representing 95 per cent performance. There was an underperformance of K350 million on donor funded projects and K850 million on domestically financed projects.

The major explanation for underperformance in donor funded projects is attributed to slightly lower inflows of grants from donors than projected.. As for the Government funded projects, the underperformance in some projects is largely due to changes in funding mechanisms which require that Government is only funding projects based on measured works and issuance of certificates. In other projects, this is explained by slow take-off of projects which required that their designs were in place first. It is hoped that in the subsequent quarters, the situation will be improved.

Chart 5.4.1 Performance of Development Projects



5.4.3 Status of Individual Projects in the Development Budget

Annex 1 is a compendium of all the development projects in the 2010/11 Financial Year. As can be depicted, the status of the implementation of the individual projects varies from one project to the other. There are some projects in which performance is exceptionally good such as New Blantyre Magistrate Court, Rehabilitation of Zomba and Balaka Hospitals, and Mzuzu-Byula-Usisya Road. In others, performance is average while in others performance is below average. Against each project, comments have been presented as to why status of the project is given particular grading. Where projects are average and below average, it will be necessary to closely monitor progress in the subsequent quarters to ensure their targets are met by the end of the financial year.

Overall Fiscal Performance

6.1 Introduction

In Chapter three, the report discussed the performance of Government revenues in the first quarter of the financial year against their corresponding targets. In Chapter four, the report discussed the performance of Government grants and loans over the same period while in Chapter five, the report discussed the performances of expenditures in the first quarter of the fiscal year against the set targets. This chapter summarizes the performances in these receipts and expenditures and determines how they translated in the overall governments fiscal performance.

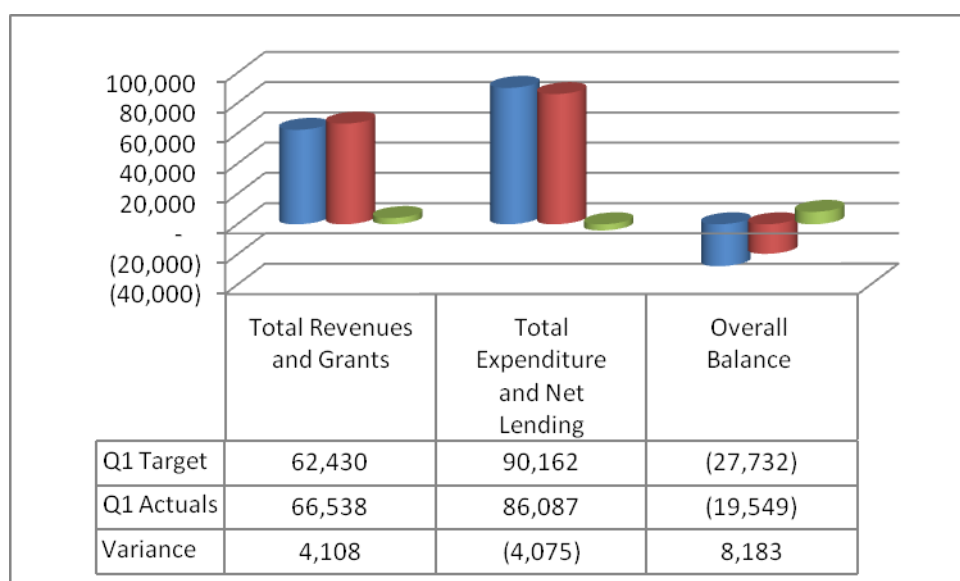
In terms of domestic debt stock, Government started the 2010/11 financial year with debt stock amounting to K110.2 billion. The target is to the end the financial year with a debt stock of K98 billion which will represent a domestic debt repayment of 1.5% of Gross Domestic Product (GDP). This Chapter discusses the performance of Government on debt repayment requirement target. The Chapter further discusses the risks and pitfalls that the performance in the first quarter of the fiscal year will have on the year end position.

6.2 First Quarter Outturn on Fiscal Deficit Position

Chart 6.1 below presents the outturn on the net fiscal deficit position as at the end of the first quarter of the 2010/11 financial year. As can be depicted, total revenues and grants in the quarter amounted to K66.5 billion against a projection of K62.4 billion entailing additional revenue of about K4.1 billion. As for the total expenditures in the quarter, they amounted to K86.1 billion against a targeted expenditure of K90.2 billion which meant that expenditures

underperformed by K4.1 billion. Chart 6.1 shows that as a result of the overperformance on revenues and grants of K4.1 billion and a significant underperformance on expenditures of K4.1 billion, the overall net effect on fiscal deficit is that from a target of K27.7 billion for the quarter, Government closed the quarter with a fiscal deficit of K19.5 billion reflecting a fiscal deficit underperformance of K8.2 billion.

Chart 6.1 Fiscal Deficit in Q1

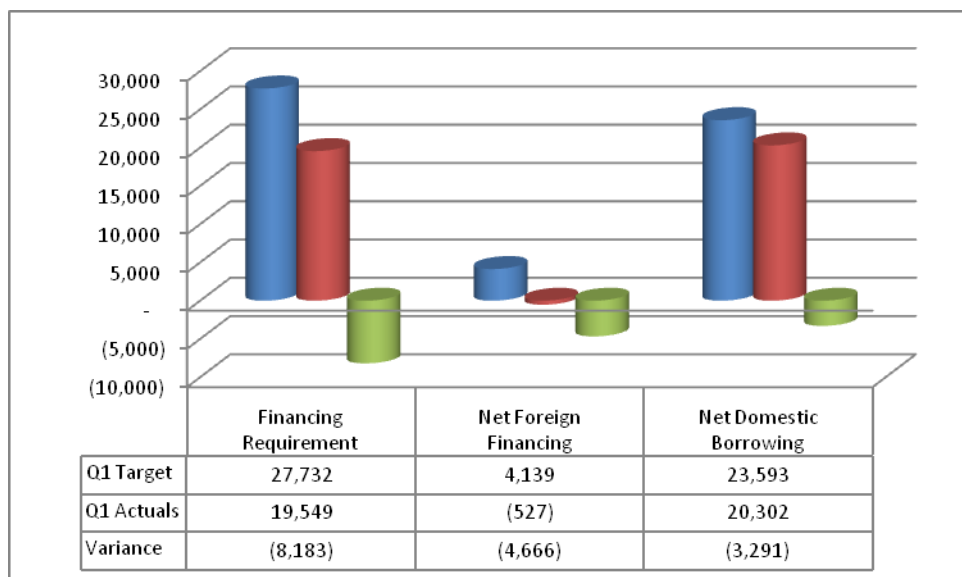


It must be noted though that Government's expectations of a huge fiscal deficit of K27.7 billion in the quarter was due to a number of reasons. The first is that Government front loaded expenditures of the subsidy program in order to distribute the fertilizers on time before the onset of the rainy season. The second reason is that Government front loaded expenditures of various Part II development projects especially those of infrastructure development in nature in order to speed them up again before the rainy season. Normally, these projects slow down in rainy season due to bad weather. The third and final reason is that on the receipts side, grants from Cooperating Partners are predominantly disbursed in the second and third quarters of the financial year. This being the case, Government projected that inflows of donors in the first quarter were likely to be less, hence a high expected budget deficit in that quarter.

6.3 First Quarter Outturn on the Financing Position

Chart 6.2 below presents that outturn on debt financing for the first quarter of the financial year. As can be depicted with a projected fiscal deficit of K27.7 billion in the quarter, K4.1 billion was to be financed by foreign borrowing while K21.8 billion was to be financed by domestic borrowing. This meant that domestic debt stock was to be increased from K110.2 billion at the beginning of the quarter to K132.0 billion as at end position of the quarter. As the outturn indicates, the fiscal deficit amounted to K19.5 billion. There was a repayment of foreign loans of K0.5 billion, but K20.3 billion borrowing from domestic sources. Hence, rather than growing the domestic debt stock position to 133.5 billion, it was increased to 130.2 billion entailing an underperformance of 3.3 billion. This outcome is encouraging and it needs to be maintained if the domestic debt repayment is to be achieved by the end of the financial year. It must be noted though that all the risks in both expenditures and receipts will need to be managed prudently throughout the financial year.

Chart 6.2 Q1 Financing



6.4 Conclusion

In summary, the outturn on both expenditures and receipts have allowed Government to borrow less from the domestic market than was previously projected. This outcome has

mainly come about due to lower than expected expenditures following a prudent fiscal policy approach by the Government. To end the year on a good note, Government needs to maintain its fiscal stance and ensure that all pressures in both receipts and expenditures are prudently managed and dealt-with throughout the financial year.

Conclusion and Recommendations

Domestic revenue receipts fell short of set targets in the first quarter. Delays in introducing new tax measures contributed to this unsatisfactory performance and restructuring at the Malawi Revenue Authority which may also have affected the Authority's revenue collection capabilities. Government remains optimistic that the outlook for the remainder of the financial year is positive. The 2010/11 measures announced in the budget are now getting under way and measures have been put in place including to improve collections including enhanced monitoring of the revenue collecting institutions; performance based funding, and strengthened enforcement measures through patrols and stiff penalties to non compliant tax payers.

Overall, the performance of grants was above expectation in the first quarter, but it is vital that budget support disbursements are made in the second quarter as agreed with development partners. This will help to keep borrowing and interest payments under control.

As a result of lower than anticipated revenues and new procedures introduced for the funding of domestically financed development projects, expenditures were lower than targeted in Q1. Where necessary, government will continue to identify savings in subsequent quarters should they be required.

It is hoped that the detailed project annex will serve as a spur for those institutions where projects are not performing. Funds will continue to only be allocated to those projects where there is evidence that works are being undertaken and outputs produced. It is recommended that should certain projects show no signs of progress by mid-Year, then funds may be reallocated in the Revised budget to those projects where works are proceeding apace.

Finally, the remainder of the financial year will be challenging. Government has set itself ambitious targets both from a fiscal perspective with regards to the domestic debt repayment targeted and also from a developmental perspective where numerous projects are being undertaken around the country. It is hoped, that the Ministry of Finance can continue to work

in conjunction with other Minsitries and Development Partners to ensure that these ambitious targets are met for the betterment of this nation.

ANNEX 1 PROGRESS OF IMPLEMENTATION OF DEVELOPMENT PROJECTS

		2010/11 Budget Estimates			Progress of Implementation	
Vote	Project	Part 1 Allocation	Part 2 Allocation	Total	Performance	Comments on Project Implementation
050 - State Residences						
	060 - Construction and Rehabilitation of State House and lodges		120,000,000	120,000,000		Construction of brick wall fence in progress Over 590 panels done
	070 - Bituminisation of Roads - Chikoko-Bay State Lodge		100,000,000	100,000,000		Works have not commenced yet
	Total	-	220,000,000	220,000,000		
060 - National Audit Office						
	039 - Institutional Development Project	192,616,000		192,616,000		Training centre construction completed. Finishing touches yet to be done (electrical fittings, painting etc)
	Total	192,616,000	-	192,616,000		
070 - Judiciary						
	060 - New Blantyre Magistrate Courts		50,000,000	50,000,000		Completion Stage
	061 -Construction and Rehabilitation of Courts		80,000,000	80,000,000		Work is in progress in various sites
	063 - Extension of Lilongwe High Court		15,000,000	15,000,000		No progress on site
	064 - Judicial Complex- Lilongwe		80,000,000	80,000,000		Design works stage
	Total	-	325,000,000	325,000,000		

		2010/11 Budget Estimates			Progress of Implementation	
Vote	Project	Part 1 Allocation	Part 2 Allocation	Total	Performance	Comments on Project Implementation
080 - National Assembly						
	060 - Construction of Malawi National Assembly		100,000,000	100,000,000		Construction completed, finishing phase underway including furniture and fittings
	Total			100,000,000		
090 - Office of the President and Cabinet						
	074 - National Registration Bureau		300,000,000	300,000,000		3 more districts (BT, ZA and Machinga) added to Phase 1, engagement of legal firm to produce operational guidelines based on NR Act
	Malawi Public Service Charter Program		50,000,000	50,000,000		Service charter concepts for 4 ministries done
	Quick Impact Results Project		20,000,000	20,000,000		MBC rationalization in progress, PS's handbook done and Govt stores business re-engineering in progress
	Public Sector Capacity Building	1,243,512,658	35,000,000	1,278,512,658		Institutional Capacity building in terms of training (directors at MIM) and office equipment (computers) in 7 institutions
	Greenbelt Initiative		2,000,000,000	2,000,000,000		Coordinators' office in place. Preparatory works in transforming to greenbelt underway in sectors involved
				-		
	Total	1,243,512,658	2,405,000,000	3,648,512,658		
093 - Human Resources Management Information System						

		2010/11 Budget Estimates			Progress of Implementation	
Vote	Project	Part 1 Allocation	Part 2 Allocation	Total	Performance	Comments on Project Implementation
	060 - Human Resources Management Information System		100,000,000	100,000,000		Good progress system management.
	062 - Rehabilitation of SDI Campus		20,000,000	20,000,000		No progress on site
				-		
	Total	-	120,000,000	120,000,000		
094 - Nutrition and National Aids Commission						
	060 - Nutrition Services Delivery Support		125,000,000	125,000,000		National strategic policy is in place Advocacy for mainstreaming HIV/AIDS and nutrition in councils being done Micronutrient study has been done
	Nutrition, HIV and AIDS Research Program		35,000,000	35,000,000		Preparation of TV and radio documentaries is underway Feasibility study on ARVs local production is underway
				-		
	Total	-	160,000,000	160,000,000		
100 - National Defence						
	060 - Sewerage & Water Works		46,258,000	46,258,000		No works on the ground
	064 - Improvement of Barracks Roads		71,403,000	71,403,000		No progress on the ground
	Construction & Rehabilitation of Buildings & Structures		116,559,000	116,559,000		Soldiers houses undergoing repairs in some Units
	090 - Improvement of Airbases		50,000,000	50,000,000		No works on the runway . Fence has erected (LAB)

		2010/11 Budget Estimates			Progress of Implementation	
Vote	Project	Part 1 Allocation	Part 2 Allocation	Total	Performance	Comments on Project Implementation
	Total	-	284,220,000	284,220,000		
110 - Development Planning & Cooperation						
	016 - SN/MEPD Institutional Cooperation	50,000,000	50,000,000	100,000,000		Good progress
	011 / 064 - Infrastructure Services Project	363,000,000	30,000,000	393,000,000		Good progress on ICT (internet café, phones in rural areas, road component implementation delayed, electrification grid in place in the northern corridor.
	014 / 068 - Capacity Enhancement in PSIP		35,000,000	35,000,000		Study tours conducted (Japan and Malaysia) to appreciate the synergies between public investments, national budget and roles of different stakeholders. Capacity building in project design
	013 / 066- Joint Support to Monitoring and Evaluation Program	174,756,106	20,000,000	194,756,106		A consultant engaged and a task force formed to produce a national M & E Manual
	015 / 069 - Malawi Public Policy Research Center		30,000,000	30,000,000		Not much progress in Centre establishment
	070 - Institutional Support for Undertaking and Coordinating Population Research in Malawi		50,000,000	50,000,000		Good progress on advocacy on population growth rate and finalization of population policy in process.
	017 - Managing Climate Change	342,640,000		342,640,000		Not much progress made on interventions
				-		
	Total	930,396,106	215,000,000	1,145,396,106		
111 - National Statistical Office						

		2010/11 Budget Estimates			Progress of Implementation	
Vote	Project	Part 1 Allocation	Part 2 Allocation	Total	Performance	Comments on Project Implementation
	039 - Statistics and Planning for the MGDS-Institutional Technical Cooperation	156,048,000		156,048,000		Donor managed, some work has been done with regard to MGDS planning. Consultations on MGDS II in progress
	014 - 2008 Population and Housing Census	291,000,000	20,000,000	311,000,000		Processing of data and documentation ongoing
	062 - Malawi Statistical Systems Project	22,615,600	37,402,387	60,017,987		Work in progress
	064 - Malawi Demographic and Health Survey	96,077,196	30,000,000	126,077,196		Work in progress
	065 - Integrated Household Survey	37,000,000	20,781,363	57,781,363		Survey undertaken
	068 - Welfare Monitoring Survey	47,000,000	7,000,000	54,000,000		Completed
	Performance, Evidence and Accountability		35,090,900	35,090,900		
	Total	649,740,796	150,274,650	800,015,446		
120 - Local Government & Rural Development						
	005 / 083 - Income Generating Public Works Project	1,004,002,000	120,000,000	1,124,002,000		Infrastructure works (bridges, dams) being constructed
	011 / 090 - Rural Livelihood & Economic Enhancement	113,125,000	10,000,000	123,125,000		Value addition to agricultural produce being done
	075 - Rural Growth Centre		50,000,000	50,000,000		Construction of Rural Growth Centre in Nthalire and Neno and Nambuma at advanced stages. Phase II sites identified and the project is at design stage.
	087 - Construction of Urban and Rural Markets		350,000,000	350,000,000		Work in progress at Erukweni in Mzimba, Mangochi markets are at an advanced stage

		2010/11 Budget Estimates			Progress of Implementation	
Vote	Project	Part 1 Allocation	Part 2 Allocation	Total	Performance	Comments on Project Implementation
	Construction of Flea Markets, Carpentry and Curios		100,000,000	100,000,000		Carpentry and Flea markets completed in Lilongwe. Curio Design works have done and contractor has also been identified
	Support to the Development of SPES & DDPS		18,200,000	18,200,000		
	093 - Rural Livelihoods Support Programme	222,311,464	15,000,000	237,311,464		Infrastructure development underway. Extension services on livestock management is on-going
	Construction of Truck Parks		95,000,000	95,000,000		No progress
	Support to Local Economic Development	171,498,177		171,498,177		No progress on the ground
	Total	1,510,936,641	758,200,000	2,269,136,641		
130 - Lands, Housing and Urban Development						
	003 / 061 - Community Based Rural Land Development	390,000,000		390,000,000		Work in progress as resettlement of people continues in Mangochi and other districts
	063 - Demarcation of International Boundaries - Malawi - Zambia Border		150,000,000	150,000,000		Beaconing of the boundaries in progress.
	064 - Hydrographic Survey of Lake Malawi		20,000,000	20,000,000		Maintenance of ship in progress though slowly as payment for spares is being finalised
	074 - Construction of Chiefs' Houses and Office		20,000,000	20,000,000		Plans and designs are ready, now waiting for the OPC to give direction.
	080 - Malawi - Mozambique Border Stabilization		36,562,000	36,562,000		Meetings on the boundaries are being held. Beaconing has not yet started.
	082-Construction of Government Offices Capital Hill		200,000,000	200,000,000		Ground Breaking ceremony done and the contractor mobilised to the site
	084-Construction of Malawi Economic Planning and Development Conference Room		35,000,000	35,000,000		Little progress on the project and no funding has been done in the first quarter. Need to purchase electricity cable hence works have halted

		2010/11 Budget Estimates			Progress of Implementation	
Vote	Project	Part 1 Allocation	Part 2 Allocation	Total	Performance	Comments on Project Implementation
	085-National Slum Upgrading		150,000,000	150,000,000		Study tour organised to learn how other countries have been implementing the project. Awareness has already been conducted in the project areas.
	086-Construction of Government Regional Offices -Lilongwe		50,000,000	50,000,000		Designs are currently under way.
	088-Land Information Management Systems		100,000,000	100,000,000		No progress as there is no funding request from the implementing Ministry
	Total	390,000,000	761,562,000	1,151,562,000		
180 - Youth Sports & Development						
	046 - Integrated Youth Development Initiative		150,000,000	150,000,000		Programmes at the design stage
	078 - Construction of Indoor Sports Complex/ Netball Court		150,000,000	150,000,000		No physical progress recorded on the ground over the past 3 years.
	074 - Rehabilitation of Sporting Facilities		30,000,000	30,000,000		Not much progress has been made on sporting facilities rehabilitation
	Rehabilitation and Extension of Kamuzu Stadium		180,000,000	180,000,000		Tender for installation of lights has recently been advertised in the papers.
	Construction of Youth Centres (Mzuzu and Districts)		30,000,000	30,000,000		Work has not started
	Total	-	540,000,000	540,000,000		
190 - Agriculture and Food Security						
	004 - Farm Income Diversification Project (FIDP)	545,543,000		545,543,000		There is good progress as many micro projects have been provided with resources and extension services

		2010/11 Budget Estimates			Progress of Implementation	
Vote	Project	Part 1 Allocation	Part 2 Allocation	Total	Performance	Comments on Project Implementation
	007 / 077 - Irrigation,Rural, Livelihood and Agriculture	1,168,092,000	40,000,000	1,208,092,000		Rehabilitation of Irrigation Schemes underway, Distribution of livestock and other agricultural input to farmers is also underway
	061 - PIAD Fish Farming Project		125,000,000	125,000,000		Kasinthula project site (Chikwawa) at initial stages. Construction of the fish ponds not yet started. Consultation with stakeholders around the project site was commenced.
	062 - Livestock Specialist Training		25,000,000	25,000,000		This is a capacity building project and it has not been funded yet
	065 - Dairy Development Project		100,000,000	100,000,000		Dairy animals purchased and delivered from RSA
	067 - Promotion of Cotton Production		50,000,000	50,000,000		Funded officers and some farmers on capacity building workshop in USA
	071 - Upscaling Production of Breeder and Basic Livestock		50,000,000	50,000,000		Feeding units constructed, drugs were procured and purchased exotic breed of livestock is due for delivery from South Africa.
	072 - Improvement of Irrigation Infrastructure Research Stations		65,000,000	65,000,000		Rrehabilitation of canals completed. A pump and other irrigation accessories for the overhead irrigation had been procured and a building to house the pump had also been constructed. Remaining work is for ESCOM to bring in power to the pump house much as the project made all the necessary payments for the work.
	Agriculture Development Programme	1,709,000,000	60,000,000	1,769,000,000		The project is making good progress.
	Agriculture Infrastructure Support Project	631,000,000	120,000,000	751,000,000		Project to commence soon as all pending issues with the donor have been finalised.
	Use of small metallic silos		100,000,000	100,000,000		Procurement of construction materials has been done, training of artisans is in progress and in due course work will be taken to farmers.
	Total	4,053,635,000	735,000,000	4,788,635,000		

		2010/11 Budget Estimates			Progress of Implementation	
Vote	Project	Part 1 Allocation	Part 2 Allocation	Total	Performance	Comments on Project Implementation
200 - Disability and the Elderly						
	Construction of Hostels for the Neno Elderly Care Centre		25,000,000	25,000,000		Brick moulding machine acquired bricks are being done using casual labourers
	Expansion of Community Based Rehabilitation Services		30,010,000	30,010,000		No progress has been recorded to date
	Capacity Building for Kamuzu Vocation Rehabilitation Training Centre		30,000,000	30,000,000		
	Upgrading Special Needs Education		65,000,000	65,000,000		Construction of a hostel at Mulanje Sch for the blind has been abandoned by the contractor while the construction of 3 staff houses at the same school is progressing well
	Total	-	150,010,000	150,010,000		
210 - Irrigation & Water Development						
	013 / 061 - NWDP II	2,709,390,000	400,000,000	3,109,390,000		Equipment such as bicycles, vehicles purchased. Training to water users provided. Construction of water piping systems commenced.
	098 - Water Retention Structure Development program		200,000,000	200,000,000		Works in progress in Thyolo where two dams are under construction.
	079 - Dispersed Borehole Construction- PPE		110,000,000	110,000,000		Boreholes drilling under progress in a number of Districts.
	064 - SADC Hyco Project		25,000,000	25,000,000		Completed all the ground works. Equipment purchased and waiting for installation scheduled to commence soon
	096 - Songwe River Basin Development Programme	610,645,000	130,000,000	740,645,000		Design stage. The United Republic of Tanzania and Malawi governments to sign the Memorandum of Understanding soon.

		2010/11 Budget Estimates			Progress of Implementation	
Vote	Project	Part 1 Allocation	Part 2 Allocation	Total	Performance	Comments on Project Implementation
	071 - Smallholder Crop Production and Marketing		55,566,000	55,566,000		Rehabilitation and Construction of Irrigation schemes in progress. Purchased and supplying irrigation equipment to some schemes.
	062 - Small Farms Irrigation Projects (Lweya) Nkhata Bay		142,000,000	142,000,000		Progress made as pump houses have completed on both sites. However, there is slow progress on the construction of canals due to failure of contractors to do the works. There is need to make lining to the canals to avoid erosion and siltation.
	Ground Water Extraction for Rural Piped Water Supply in Malawi		80,000,000	80,000,000		Preparatory works for project
	Total	3,320,035,000	1,142,566,000	4,462,601,000		
240 - Office of the Vice President						
	060 - Upgrading Government Print		100,000,000	100,000,000		Phase I almost completed, machinery yet to be installed.
	061 - Rehabilitation of VP residence		25,000,000	25,000,000		Work is in progress
	Total	-	125,000,000	125,000,000		
250 - Education Science and Technology						
	011 - ESSUP - Project Coordination		20,000,000	20,000,000		Some progress made
	002 / 062 - ADF V - Education Project	605,510,000	300,392,000	905,902,000		Covers a number of sites. Work is progressing well with some structures at ring beam level.
	060 - Construction of 7 Girls' Hostels		450,000,000	450,000,000		Almost completed 7 and another set is under construction
	066 - Rehabilitation of Secondary Schools (SWAp)		300,000,000	300,000,000		Work is progressing very well in most project sites

		2010/11 Budget Estimates			Progress of Implementation	
Vote	Project	Part 1 Allocation	Part 2 Allocation	Total	Performance	Comments on Project Implementation
	072 - Rehabilitation of 4 Secondary Schools (SWAp)		100,000,000	100,000,000		Work on the rehabilitation of the schools has now gathered pace. Dedza and Mzuzu have most of the works done
	065 - Establishment of Lilongwe University Science & Technology		200,000,000	200,000,000		Some progress made
	075 - Rehabilitation of 7 Technical Colleges		50,000,000	50,000,000		Salima, Lilongwe, and soche technical colleges classrooms and workshops are being rehabilitated
	Rehabilitation of TTCs (SWAp)		150,000,000	150,000,000		Work has started only in few TTCs
	Rehabilitation of Primary Schools (SWAp)		500,000,000	500,000,000		No works in primary schools
	DfiD Project Support	821,440,000		821,440,000		Not much progress made on the ground
	Germany Project Support	896,336,000		896,336,000		Not much progress made on the ground
	Mass Literacy (From Gender)		70,000,000			Work has not started
	Total	2,323,286,000	2,140,392,000	4,463,678,000		
260 - Foreign Affairs						
	Construction and Acquisition of Chancery and Staff Houses		700,000,000	700,000,000		Washington and Addis Ababa Chancery almost finished
	Total	-	700,000,000	700,000,000		
270 - Finance						
	003 - NAO Capacity Building Programme	315,804,504	19,105,000	334,909,504		Monitoring of all EU funded projects (FIDP, Road projects, Rule of Law IGPWP). AAP approved. Consultation on PRBS IV done
	011 / 064 - MASAF Primary School Staff Houses	1,400,000,000	700,000,000	2,100,000,000		Construction underway in all districts

		2010/11 Budget Estimates			Progress of Implementation	
Vote	Project	Part 1 Allocation	Part 2 Allocation	Total	Performance	Comments on Project Implementation
	061 - Introduction of New Budgeting System		100,000,000	100,000,000		Installation of EPICOR subsystem to start in January
	065 - Financial Inclusion in Malawi		100,000,000	100,000,000		Good progress on the ground. Capacity building in RBM (training of staff-non bank sector) and preparation of manuals for MFIs supervision
	066 - Millennium Challenge Account Project		115,000,000	115,000,000		Contract for the project expected to be signed in December, 2010. Resources provided are largely for salaries and preparatory works
	Capacity Building for the Budget Division		100,000,000	100,000,000		Currently 7 members are doing long term training. One is doing a master's program and the rest are doing a degree program
	067 - MASAF - Urban Window		250,000,000	250,000,000		Not much progress made
	068 - MASAF - Rural Window		250,000,000	250,000,000		Not much progress made
	Total	1,715,804,504	1,634,105,000	3,349,909,504		
271 - Accountant General						
	063 - Accounting System Review- IFMIS		122,000,000	122,000,000		Not much progress made
	065 - Construction of Salima, Rumphu, and Region Centre Treasury Cashier Offices		120,000,000	120,000,000		Works are in progress in all sites.
	IFMIS Roll Out		322,000,000	322,000,000		Works are in progress
	Capacity Building		174,000,000	174,000,000		A number of students upgrading at higher learning institutions

		2010/11 Budget Estimates			Progress of Implementation	
Vote	Project	Part 1 Allocation	Part 2 Allocation	Total	Performance	Comments on Project Implementation
	Total	-	738,000,000	738,000,000		
275 - Subvented Organisations						
	National Herbarium Gardens		30,000,000	30,000,000		Not yet started
	Oxidation Ponds (Mzuzu University)		50,000,000	50,000,000		Work is currently in progress
	Construction of Hostels at MIE		30,000,000	30,000,000		Works in progress. Construction is at an advanced stage.
	Pilot small business development centre (SBDCs)Medi		100,000,000	100,000,000		4 business centres developed in Mzimba, Nkhotakota, Thyolo and Chiradzulu and currently, two houses under construction for the officers working in the centres.
	Construction of Cancer Centre (From MOH to COM)		100,000,000			Not yet started
	Total	-	310,000,000	310,000,000		
310 - Health						
	006 - Health Sector Support	1,000,000,000		1,000,000,000		
	009 / 066 - Construction of New Nkhatabay District Ho	445,000,000	55,000,000	500,000,000		Despite the fact that the contract document is yet to be signed, the contractor has already started work on the site and currently landscaping is done and some of the structures are now at foundation level.
	060 - Rehabilitation of Zomba Central Hospital		250,000,000	250,000,000		Most of the structures have been rehabilitated
	071-Construction of Phalombe Hospital	445,000,000	55,000,000	500,000,000		Short -listing of Consultants done

		2010/11 Budget Estimates			Progress of Implementation	
Vote	Project	Part 1 Allocation	Part 2 Allocation	Total	Performance	Comments on Project Implementation
	069 - Umoyo Housing (GoM contribution)		500,000,000	500,000,000		Phase II of 250 houses scheduled to start last financial year has not yet started. Recruitment of supervising consultants done
	073-Construction of Laboratory		150,000,000	150,000,000		Supervising Consultants engaged & designs completed
	074-Chancy Maples	200,000,000	50,000,000	250,000,000		Supervision consultant identified as well as ship building engineers. Designs were also finished and accepted
	065 - Rehabilitation of Balaka Hospital		40,000,000	40,000,000		Construction of most structures has been completed
	Construction of New Dowa Hospital		55,000,000	55,000,000		Consultants short-listing done
	Rehabilitation of CMS		100,000,000	100,000,000		Works have not yet started
	Total	2,090,000,000	1,255,000,000	3,345,000,000		
320 - Gender,Children and Community Services						
	061 - Refurbishment of Magomero College		85,000,000	85,000,000		No work was done in the first quarter
	Early Childhood Development		38,000,000	38,000,000		No work was done in the first quarter
	Cash Transfer		50,000,000	50,000,000		Preparatory work and identification of project beneficiaries started. Disbursements to start in the second quarter
	Total	-	173,000,000	173,000,000		
330 - Ministry of Information and Civic Education						

		2010/11 Budget Estimates			Progress of Implementation	
Vote	Project	Part 1 Allocation	Part 2 Allocation	Total	Performance	Comments on Project Implementation
	National Fiber Optic Cable Backbone Network - District Connection		150,000,000	150,000,000		Preparatory works in progress
	Digital Migration Projects		190,691,500	190,691,500		Preparatory works in progress. Systems development is to start in the second quarter
	Total	-	340,691,500	340,691,500		
340 - Home Affairs						
	066 - Staff Houses Programme (Immigration)		60,000,000	60,000,000		Not much progress made
	069 - Computerisation of Border Entry and Exit		20,000,000	20,000,000		Service provision firm engaged and due to start work
	079 - Water Metering		50,000,000	50,000,000		Progress is slow
	Construction of & rehab.of Police Offices and Houses(Domasi & Makokola,Nyambadwe,Police Colleges,Msaka,Chimwala,Lunzu,Area 47)		200,000,000	200,000,000		Police houses in Lilongwe await handover
	Computerisation of Fingerprint Bureau		80,000,000	80,000,000		Not much work has been done
	Total	-	410,000,000	410,000,000		
342 - Prisons						
	Construction of Prison Cells and Staff Houses		100,400,000	100,400,000		Mwanza and Ntchisi Prisons almost completed
	Construction of Maximum Prison		80,000,000	80,000,000		Preparatory meetings started. Design works to start in Q2
	Installation of CCTV System in Major Prisons		50,000,000	50,000,000		Procurement process for the equipment has started. Modelled on South Africa system
	Total	-	230,400,000	230,400,000		

		2010/11 Budget Estimates			Progress of Implementation	
Vote	Project	Part 1 Allocation	Part 2 Allocation	Total	Performance	Comments on Project Implementation
350 - Justice						
	060 - Safety, Security and Access to Justice	197,000,000		197,000,000		Policy framework paper for the sector has been done
	Access to Justice	21,673,992		21,673,992		Not much progress made
	Total	218,673,992	-	218,673,992		
360 - Tourism, Wildlife and Culture						
	061 - Construction of Cultural Villages		60,000,000	60,000,000		Project in progress. Purchasing of some items to complete the project under way.
	067 - Restocking of National Parks and Wildlife Reserves		110,000,000	110,000,000		The project is in progress. Animals being transferred from other parks including Liwonde National Park to Lengwe
	069 - Devt of Ecotourism Infrastructures, Facilities		50,000,000	50,000,000		Staff houses at Nkhotakota, and Salima are under construction. Very good progress as some sites houses have been completed.
	068 - Construction of Electric Fencing and Weather Roads		41,405,000	41,405,000		Construction of electric fences underway at Kasungu National Park
	064 - Improvement of Access Roads to Resort Area		200,000,000	200,000,000		Designs works in progress, and proposals are yet to be called
	076 - Chongoni Rock Site		50,000,000	50,000,000		Construction of office block, administration block and exhibition block at ring beam level.
	Development of Malawi Institute of Tourism		50,000,000	50,000,000		Preparatory works started.
	Development of Kamuzu Memorial Park including Statue		50,000,000	50,000,000		Works yet to commence.
	Cultural Support Scheme	36,112,894	10,000,000	46,112,894		Process to purchase of materials at advanced stage.

		2010/11 Budget Estimates			Progress of Implementation	
Vote	Project	Part 1 Allocation	Part 2 Allocation	Total	Performance	Comments on Project Implementation
	Development of National Monuments and Construction of Cenotaph		50,000,000	50,000,000		Works yet to commence.
	Total	36,112,894	671,405,000	707,517,894		
370 - Labour						
	Decent Work Country Program for Malawi		150,000,000	150,000,000		On going but not much progress
	Total	-	150,000,000	150,000,000		
390 - Industry and Trade						
	011 - Business Environment Strengthening & Tech Assistance	390,332,620		390,332,620		On going some progress made though contingent on legislation
	070 - MAWTCO		14,000,000	14,000,000		one warehouse has been refurbished and one more is yet to be refurbish by the end of Q2.
	075 - Cotton Strengthening Project		50,000,000	50,000,000		Cotton farmers have been trained in Salima and Karonga districts
	081 - Horticultural and Floricultural Exports Project		25,000,000	25,000,000		Capacity building exercises are currently underway for horticulture farmers.
	082 - Standardization, Quality Assurance & Metrology, Infrastructure Development +MIRTDC		200,000,000	200,000,000		Nothing has been done
	One Village One Product		60,000,000	60,000,000		Currently planting processing machines across the country. From the visits, it was evident that there is very good progress. Where there not planting machines, building works were in progress.
	008 - Enhanced Integrated Framework	59,940,000		59,940,000		Not much work has been

		2010/11 Budget Estimates			Progress of Implementation	
Vote	Project	Part 1 Allocation	Part 2 Allocation	Total	Performance	Comments on Project Implementation
	Total	450,272,620	349,000,000	799,272,620		
400 - Transport and Public Infrastructure						
	001 / 066 - Rehabilitation of Runaway at KIA	552,401,000	50,000,000	602,401,000		Works in progress and expected to be completed by December
	061 - Shire Zambezi Navigation Study		100,000,000	100,000,000		Port launched on 23rd October, 2010. meanwhile, supervisory works are still being done by the ministry of Transport and Public infrastructure
	065 - Acquisition & Modernisation of Fire Fight		200,000,000	200,000,000		Procurement of the equipment in final stages. First consignment of fire fighters to arrive by 1st January, 2011 and the second one by June, 2011
	067 - Rehabilitation of Terminal Building& Fence -Lilongwe		30,000,000	30,000,000		Works in progress and was expected to be completed by December all factors holding
	067 - Rehabilitation of Terminal Building& Fence -Blantyre		100,000,000	100,000,000		90% of the fence complete and 30% of the terminal building done.
	072 - Navigation Aids on Lake Malawi		20,000,000	20,000,000		Lights installed and are now working. Still some works are in progress on other navigation aids.
	075 - Acquisition of Airport Navigation Equipment		200,000,000	200,000,000		Procurement of the equipment is in progress. Delivery expected in November.
	083-Upgrading of geodetic system		40,000,000	40,000,000		In progress, survey in progress and was expected to be completed on 2nd November, 2010. flight procedure development will start in January, 2010.
	085-Automation of airport administration system		100,000,000	100,000,000		Contract discussions are underway with the contractor and almost at the signing stage. The actual works are expected to commence in December, 2010
	Upgrading Aerodromes		60,000,000	60,000,000		Aircraft apron being undertaken, consultant for the design of the expansion of the runway being procured. Consultant of expansion of monkey bay aerodrome being procured as well.

		2010/11 Budget Estimates			Progress of Implementation	
Vote	Project	Part 1 Allocation	Part 2 Allocation	Total	Performance	Comments on Project Implementation
	Replacement of Ilala		50,000,000	50,000,000		Nothing has been done on this one.
	Total	552,401,000	950,000,000	1,502,401,000		
420 - Road Fund Administration						
	008 - Rumph-Nyika-Chitipa Road (Feasibility)	1,680,000,000	50,000,000	1,730,000,000		Not works are being done
	014 - Liwonde-Naminga Road	993,500,000	300,000,000	1,293,500,000		Works are yet to commence when a consultant has been identified
	022 - Lilongwe - Dedza - Nsipe	480,200,000	500,000,000	980,200,000		Construction is underway and there is good progress
	023 - Nchalo - Bangula	1,607,400,000	300,000,000	1,907,400,000		The project's total progress could be put at 98 percent. Earth works have been completed together with the drainage works. The drainage works involved the construction of 7 bridges and 54 curvets. Bitumen surfacing, which is the final layer, has been done for 14 km. The contractor has also been given extra work which is outside the contract. The work involves the construction of a 2.7 km road from the Nsanje Port to where the new road starts. Taking this extra work into consideration as well as the remaining works on the 46 km road, it would not be unrealistic for the contractor to finish the road by December, 2010.
	040 - Feeder Roads	553,000,000		553,000,000		Some progress made on grading of roads
	006 / 068 - Zomba - Jali- Kamwendo - Phalombe- Chitak	2,390,200,000	300,000,000	2,690,200,000		Contractor not on site and will return once a supervision consultant is identified to certify works for payment purposes.
	026 / 076 - Thyolo-Thekerani-Muona Bangula	2,500,000,000	300,000,000	2,800,000,000		No works being done
	015 / 077 - Jenda - Edingeni	3,832,000,000	500,000,000	4,332,000,000		No designs yet and contractor has not been identified

		2010/11 Budget Estimates			Progress of Implementation	
Vote	Project	Part 1 Allocation	Part 2 Allocation	Total	Performance	Comments on Project Implementation
	044 / 108 - Ntcheu - Tsangano road	120,000,000	50,000,000	170,000,000		No works being done
	042 / 109 - Zomba - Blantyre road	2,972,500,000	500,000,000	3,472,500,000		Compensation payment delaying progress on the road
	043 / 110 - Lilongwe City By Pass (Bunda, Chinsapo, Kaunda Road junction) road	712,656,000	350,000,000	1,062,656,000		No works being done
	062 - Bunda - Mitundu		300,000,000	300,000,000		Good progress, excavation works done
	080 - Lumbadzi Dowa - Ntchisi & Salima Spur		1,250,000,000	1,250,000,000		Good progress, the earth bed has been done
	092 - Chiradzulu - Chiringa Upgrading		1,150,000,000	1,150,000,000		<p>Construction work behind schedule with 8 months. Work was planned to start from Chiradzulu, but work commenced from Chiringa though designs for the section were not ready. Diesel shortage also contributed to the slow progress of the work. Earth works had been completed on the 14 km section of the road between Chiringa and Migowi. This section has 5 bridges and the contractor had finished 3 bridges and was working on the remaining 2 bridges.</p> <p>Earth works were still in progress on a 9.6 km section between Migowi and Phalombe and only bush clearing had been done on the section between Migowi and Miseu Folo. Work had not yet started on the section between Miseu Folo and Chiradzulu. Total work progress is estimated at 31 percent.</p>
	093 - Construction & Upgrading Malowa-Goliati Chiperoni		200,000,000	200,000,000		Earth works for the whole 16KM stretch completed including the construction of bridges and curvets. The base, which is the last layer before putting gravel, had been done for 10KM stretch with 6KM remaining. Surfacing started.

		2010/11 Budget Estimates			Progress of Implementation	
Vote	Project	Part 1 Allocation	Part 2 Allocation	Total	Performance	Comments on Project Implementation
	097 - Bangula - Nsanje Road		1,250,000,000	1,250,000,000		Total progress estimated at 98 percent. Earth works and drainage completed. The drainage works involved the construction of 7 bridges and 54 curvets. Surfacing, which is the final layer with bitumen, has been done for 14KM. The contractor has also been given extra work which is outside the contract. The work involves the construction of a 2.7KM road from the Nsanje Port to where the new road starts. Taking this extra work into consideration plus the remaining works on the 46KM road, it would not be possible for the contractor to finish the road by December, 2010.
	100 - Mzuzu - Bula - Usisya road		400,000,000	400,000,000		Contractor on site and earth works in progress. 70% of the road ha been graded.
	101 - Chiweta - Mlowe road		150,000,000	150,000,000		Earth bed completed yet to embark on second phase
	102 - Kasitu - Rupashe - Kakwale road		150,000,000	150,000,000		Good progress (grading)
	103 - Mtaja - Nayuchi road		150,000,000	150,000,000		Good progress (grading)
	104 - Lilongwe - Kasiya road (Feasibility)		50,000,000	50,000,000		Feasibility and designs done
	106 - Mwanza - Chapananga Chikwawa road (feasibility for bridge)		50,000,000	50,000,000		Feasibility and designs done
	107 - Chilinga - Mloza road		25,000,000	25,000,000		Feasibility and designs done
	Zomba City Slected Roads		60,000,000	60,000,000		Feasibility and designs done
	Mzimba Street Paul Kagame Roundabout		150,000,000	150,000,000		Works have not yet started

		2010/11 Budget Estimates			Progress of Implementation	
Vote	Project	Part 1 Allocation	Part 2 Allocation	Total	Performance	Comments on Project Implementation
	Mzimba -Eswaziweni-Mzlangwe		375,000,000	375,000,000		Of the 65 km stretch, only 14 km of earth works has been done. Contractor is on site and work is in progress.
	Ekwendeni-Ezondweni-Mtwalo-Njakwa		350,000,000	350,000,000		Contractor on site and work is progressing well. Of the whole 25 km stretch, 15km completed and 11 km applied with first layer tar and the remaining 9 km has been applied with quarry stone and is only awaiting application of bitumen. Bridges construction is the major task.
	Total	17,841,456,000	9,540,000,000	27,381,456,000		
470 - Energy and Mines						
	066 - Alternative Sources of Energy		100,000,000	100,000,000		No progress
	069 - Oil Pipeline and Fuel Storage		60,000,000	60,000,000		Feasibility study
	083 - Modernisation of Met Services for Aviation		75,000,000	75,000,000		On-going
	085-Tree Planting and Management for Carbon Sequestration and Other Eco System Services		50,000,000	50,000,000		Not much progress made
	087-Forestry Replanting and Tree Nursery Project (FOREP)		100,000,000	100,000,000		Seedlings and tree planting on-going
	Malawi Rural Electrification Programme (MAREP) Phase V	196,000,000	105,000,000	301,000,000		Some progress made
	Coal Fired Power Generation (feasibility)		200,000,000	200,000,000		Progress too slow

		2010/11 Budget Estimates			Progress of Implementation	
Vote	Project	Part 1 Allocation	Part 2 Allocation	Total	Performance	Comments on Project Implementation
	Automated Billing (ESCOM)		250,000,000	250,000,000		Little progress made
	Total	196,000,000	940,000,000	1,136,000,000		
471 - Geological Survey						
	Geoinformation & Seismological Equipment		175,000,000	175,000,000		Equipment purchased and installed
	Total	-	175,000,000	175,000,000		
510 - Anti Corruption Bureau						
	060 - Support to Anti Corruption Bureau	457,192,418	75,000,000	532,192,418		On-going
	Total	457,192,418	75,000,000	532,192,418		
	TOTAL	38,172,071,629	28,973,826,150	66,487,590,279		

	Below Average
	Average
	Above Average